980253-TX

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FLORIDA PUBLIC SERVICE COMMISSION
RULE HEARING
MAY 12, 1999

COMPOSITE EXHIBIT

PROPOSED RULES 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; AND 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS

DOCKET NO. 980253-TX

1. FLORIDA ADMINISTRATIVE WEEKLY NOTICE AND PROPOSED RULE 25-24.300, 25-24.301, 25-24.302, F.A.C., SUBMITTED MARCH 24, 1999 AND PUBLISHED APRIL 2, 1999.

2. STATEMENT OF FACTS AND CIRCUMSTANCES JUSTIFYING RULE;

   STATEMENT OF FEDERAL STANDARDS;

   MEMORANDUM ON STATEMENT OF ESTIMATED REGULATORY COSTS;

   AS PROVIDED TO THE JOINT ADMINISTRATIVE COMMITTEE, MARCH 25, 1999.

3. NOTICE OF RULEMAKING ORDER NO. PSC-99-0539-PCO-TX ISSUED MARCH 24, 1999.

4. PREFILED COMMENTS AND TESTIMONY:

   1) TIME WARNER - DIRECT TESTIMONY OF CAROLYN M. MAREK
      RESPONSE TO COMMENTS BY BELLSOUTH TELECOMMUNICATIONS, INC
      REBUTTAL TESTIMONY OF CAROLYN M. MAREK

   2) AT&T - COMMENTS

   3) E-SPIRE - COMMENTS

   4) FLORIDA COMPETITIVE CARRIERS ASSOCIATION
      COMMENTS
      RESPONSIVE COMMENTS
      REBUTTAL COMMENTS

   5) KMC TELECOM, INC. AND KMC TELECOM II, INC.
      COMMENTS
      RESPONSIVE COMMENTS

Part 1 of 2

Exh. for Doc #06593-99

6) SUPRA TELECOM & INFORMATION SYSTEMS, INC.
DIRECT TESTIMONY OF RONALD C. SMITH, JR.
REBUTTAL TESTIMONY OF RONALD C. SMITH, JR.

7) BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF C. NED JOHNSTON
COMMENTS
RESPONSIVE TESTIMONY OF C. NED JOHNSTON
RESPONSE COMMENTS
REBUTTAL COMMENTS

8) GTE FLORIDA, INC.
TESTIMONY OF DAVID E. ROBINSON
REBUTTAL TESTIMONY OF DAVID E. ROBINSON

9) SPRINT CORPORATION
COMMENTS OF F. BEN POAG

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M E M O R A N D U M

March 23, 1999

TO : DIVISION OF RECORDS & REPORTING

FROM : DIANA W. CALDWELL, ASSOCIATE GENERAL COUNSEL DWC

RE : DOCKET NO. 980253-TX - PETITION TO INITIATE RULEMAKING, PURSUANT TO SECTION 120.54(7), F.S., TO INCORPORATE "FRESH LOOK" REQUIREMENTS IN ALL INCUMBENT LOCAL EXCHANGE COMPANY CONTRACTS, BY TIME WARNER AXS OF FLORIDA, L.P. D/B/A TIME WARNER COMMUNICATIONS

DOCKET NO. 960932-TP - INVESTIGATION INTO FRESH LOOK POLICY FOR LOCAL TELECOMMUNICATIONS COMPETITION

Enclosed are an original and seven copies of a Notice of Rulemaking for publication in the Florida Administrative Weekly. Also included are two copies of the rule text. The original Notice and the two copies of the proposed rule must be received by the Department of State no later than noon, March 24, 1999.

FAW4300.DWC
Attachments
cc: Wanda Terrell

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980253-TX

RULE TITLE:	RULE NO.:
Scope and Definitions	25-4.300
Applicability of Fresh Look	25-4.301
Termination of LEC Contracts	25-4.302

PURPOSE AND EFFECT: To enable ALECs to compete for existing ILEC customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to switch-based substitutes for local exchange telecommunications services.

SUMMARY: The rules describe those limited circumstances under which a customer may terminate an ILEC contract service arrangement or tariffed term plan (collectively, contracts), subject to a termination liability less than that specified in the contract. Those limited circumstances are for customer contracts covering local telecommunications services offered over the public switched network, which were entered into over the public switched network, which were entered into prior to the effective date of this rule, and that are still in effect and will remain in effect for at least six months after the effective date of this rule. In these limited circumstances, a customer may terminate said contract, during the "fresh look window", by paying only any unrecovered non-recurring cost which the ILEC has

incurred. The "fresh look window" will begin 60 days following the effective date of this rule and end two years later.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: If the proposed Fresh Look rule becomes effective, a LEC will lose the revenues it would have earned from a customer who terminates early, except for the portion of those revenues associated with nonrecurring costs. A LEC would only experience a financial loss if its unrecovered, contract specific nonrecurring costs exceeded the termination liability specified in the controlling contract or tariff. LECs were generally unable to estimate the amount of costs, if any, they would not be able to recover since it is unknown which contracts might be terminated. The addition of the phrase "and have not elected price cap regulations" in section 25-24.300(1) includes all companies that may have competition in the area. Small LECs will be impacted to the extent that they have these types of contracts.

LECs would incur relatively minor administrative and labor costs to provide the Statement of Termination Liability to customers. Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 364.19, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE FOLLOWING TIME AND PLACE:

TIME: 9:30 A.M., WEDNESDAY, MAY 12, 1999

PLACE: BETTY EASLEY CONFERENCE CENTER, 4075 ESPLANADE WAY, ROOM 152, TALLAHASSEE, FL

THE PERSON TO BE CONTACTED REGARDING THESE PROPOSED RULES IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THESE PROPOSED RULES IS:

PART XII - FRESH LOOK

25-4.300 Scope and Definitions

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public

switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

(2) For the purposes of this Part, the definitions to the following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh

Look inquiries and requests should be directed.

(2) An end user may provide a written Notice of Intent to Terminate an eligible contract to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The termination liability shall be calculated from the information contained in the contract or the workpapers supporting the contract. If a discrepancy arises between the contract and the workpapers, the contract shall be controlling. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to subsections (4) and (6) and on the payment method selected in subsection (5).

(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according

to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

NAME OF PERSON ORIGINATING PROPOSED RULES: SALLY SIMMONS

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES: Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: March 16, 1999

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 24, Number 11, March 13, 1998

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

PART XII - FRESH LOOK

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

(2) For the purposes of this Part, the definitions to the

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

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Specific Authority: 350.127(2), FS.
Law Implemented: 364.19, FS.
History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh Look inquiries and requests should be directed.

(2) An end user may provide a written Notice of Intent to Terminate an eligible contract to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The termination liability shall be calculated from the information contained in the contract or the workpapers supporting the contract. If a discrepancy arises between the contract and the workpapers, the contract shall be controlling. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to subsections (4) and (6) and on the payment method selected in subsection (5).

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(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

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DIVISION OF APPEALS
DAVID SMITH
DIRECTOR
(850) 413-6245

Public Service Commission

March 29, 1999

Mr. Carroll Webb
Joint Administrative Procedures
Committee
120 Holland Building
Tallahassee, Florida 32399

RE: Docket No. 980253-TX - Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.032, F.A.C., Termination of LEC Contracts

Dear Mr. Webb:

Enclosed are an original and two copies of the following materials concerning the above referenced proposed rule:

1. A copy of the rules.

2. A copy of the F.A.W. notice.

3. A statement of facts and circumstances justifying the proposed rules.

4. A federal standards statement.

5. A statement of estimated regulatory costs.

If there are any questions with respect to these rules, please do not hesitate to call on me.

Sincerely,

Diana W. Caldwell

Diana W. Caldwell
Associate General Counsel

ADM4300.DWC
Enclosures
cc: Division of Records & Reporting

PART XII - FRESH LOOK

25-4.300 Scope and Definitions

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

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(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

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Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980253-TX

RULE TITLE:	RULE NO.:
Scope and Definitions	25-4.300
Applicability of Fresh Look	25-4.301
Termination of LEC Contracts	25-4.302

PURPOSE AND EFFECT: To enable ALECs to compete for existing ILEC customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to switch-based substitutes for local exchange telecommunications services.

SUMMARY: The rules describe those limited circumstances under which a customer may terminate an ILEC contract service arrangement or tariffed term plan (collectively, contracts), subject to a termination liability less than that specified in the contract. Those limited circumstances are for customer contracts covering local telecommunications services offered over the public switched network, which were entered into over the public switched network, which were entered into prior to the effective date of this rule, and that are still in effect and will remain in effect for at least six months after the effective date of this rule. In these limited circumstances, a customer may terminate said contract, during the "fresh look window", by paying only any unrecovered non-recurring cost which the ILEC has incurred. The "fresh look window" will begin 60 days following the effective date of this rule and end two years later.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: If the proposed Fresh Look rule becomes effective, a LEC will lose the revenues it would have earned from a customer who terminates early, except for the portion of those revenues associated with nonrecurring costs. A LEC would only experience a financial loss if its unrecovered, contract specific nonrecurring costs exceeded the termination liability specified in the controlling contract or tariff. LECs were generally unable to estimate the amount of costs, if any, they would not be able to recover since it is unknown which contracts might be terminated. The addition of the phrase "and have not elected price cap regulations" in section 25-24.300(1) includes all companies that may have competition in the area. Small LECs will be impacted to the extent that they have these types of contracts.

LECs would incur relatively minor administrative and labor costs to provide the Statement of Termination Liability to customers. Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 364.19, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE FOLLOWING TIME AND PLACE:

TIME: 9:30 A.M., WEDNESDAY, MAY 12, 1999

PLACE: BETTY EASLEY CONFERENCE CENTER, 4075 ESPLANADE WAY, ROOM 152, TALLAHASSEE, FL

THE PERSON TO BE CONTACTED REGARDING THESE PROPOSED RULES IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THESE PROPOSED RULES IS:

PART XII - FRESH LOOK

25-4.300 Scope and Definitions

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public

switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

(2) For the purposes of this Part, the definitions to the following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh

Look inquiries and requests should be directed.

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(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

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to one of the following payment options:

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(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

NAME OF PERSON ORIGINATING PROPOSED RULES: SALLY SIMMONS

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES: Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: March 16, 1999

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 24, Number 11, March 13, 1998

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

MEMORANDUM

November 18, 1998

TO: DIVISION OF APPEALS (Caldwell)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (Lewis)

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COST FOR PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS. DOCKET NO. 980253-TX.

SUMMARY OF THE RULES

There are no existing Commission rules governing contract service arrangements (CSAs), tariffed term plans, or "Fresh Look." Presently, Commission Orders permit incumbent local exchange companies (ILECs) to offer special contract service arrangements for those services which are susceptible to uneconomic bypass by competitors. That is, when a competitor is able to offer the service at a price lower than the ILEC's tariffed rates, but above the ILEC's incremental costs, the ILEC may provide the customer with a CSA. A customer who enters into a CSA may be required to pay a termination charge if he terminates the contract prior to the date the contract is scheduled to expire. Termination charges vary according to each contract. Tariffed term plans, in which the rate varies according to the term of commitment, also typically include termination charges.

The proposed rules would provide a "Fresh Look Window" or period of time during which ILEC customers may terminate a tariffed term plan or CSA with limited liability. The customer's termination liability would be limited to any unrecovered, contract-specific, nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The Fresh Look Window would begin 60 days after the effective date of the proposed rule and remain open for two years. All contracts between ILECs and end users that include local telecommunications services offered over the public switched network would be eligible for early termination (provided such contracts were entered into prior to January 1, 1997, were in effect as of the effective date of the proposed rule, and were scheduled to remain in effect for at least six months after the effective date of the proposed rule).

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

ILECs with 100,000 or more access lines would be required to comply with the proposed rules. Only three of the ten ILECs operating in Florida meet this definition, BellSouth Telecommunications, Inc. (BellSouth), Sprint-Florida, Inc. (Sprint-Florida), and GTE Florida, Inc. (GTEFL). The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

Over 200 ALECs are certified to operate in Florida. About 40 of those ALECs are known to provide the type of service (dial tone and flat-rated or message-rated usage) that could be competitive with ILEC contract service arrangements or tariffed term plans. However, if the proposed rules become effective, it would make a new pool of potential customers available to competitive providers, possibly resulting in an increase in the number of ALECs providing such services.

Customers with accounts which are priced under a CSA or tariffed term plan would be directly affected by the proposed rule, provided they entered into the contract prior to January 1, 1997, and the contract does not expire for at least six months after the rule becomes effective. There are approximately 7,199 such accounts, according to information staff received from the three large ILECs. BellSouth reported 1,640 accounts, GTE reported 2,759, and Sprint reported 2,800 (approximately 40% of Sprint's accounts are with governmental agencies).

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The Public Service Commission and other local government entities are not expected to experience implementation costs other than the normal costs associated with processing and publishing a proposed rule. The Commission should experience little direct cost for publicizing the proposed rule, because it is expected that customers will learn about the "Fresh Look" opportunity through the marketing efforts of ALECs.

Enforcement costs for the Commission could vary, depending upon whether a complaint is handled formally or informally (undocketed). Undocketed complaints generally consume fewer Commission resources than formal docketed complaints. The Division of Communications has resolved similar complaints informally in the past. However, it is not currently known how many, if any, Fresh Look complaints the Commission may receive, nor how many would require resolution through formal proceedings.

The proposed rule may benefit the Commission and other state and local government entities if it results in their being able to renegotiate existing telecommunications contracts at lower rates. Local governments holding ALEC certificates are expected to face compliance costs that are similar to those reported by other ALECs (negligible). They could also be expected to gain the same type of benefits (competitive opportunities) as other ALECs.

ESTIMATED TRANSACTIONAL COSTS
TO INDIVIDUALS AND ENTITIES

Contract Termination

Staff asked the three large ILECs to estimate the amount of contract termination charges that would not be recoverable under the proposed rule if all eligible contracts were terminated on December 31, 1998. The purpose of this question was to determine transactional costs under a "worst-case" scenario. Certainly, there is no expectation that all eligible contracts would be terminated, much less, that they would all be terminated on a given day.

BellSouth currently serves approximately 1,640 eligible contracts (primarily ESSX) whose average contract termination charges are $10,000 per system. This would result in a maximum of $16,400,000 being potentially unrecoverable, according to BellSouth, assuming that no unrecovered, nonrecurring costs exist. It is staff's understanding that BellSouth is unsure at this time what part of the $16.4 million (if any) it could recover under the proposed rule.

GTEFL serves approximately 2,759 eligible contracts (primarily Centranet). Using staff's worst-case scenario, GTEFL estimates that approximately $3,674,000 in termination charges would potentially not be recoverable under the proposed rule. The $3,674,000 figure provided by GTEFL assumes that GTEFL would not be able to recover any of the termination charges on any of the accounts.

Sprint-Florida serves approximately 2,800 eligible contracts (primarily Centrex). About 40% of those contracts are government accounts. Sprint-Florida estimates that in excess of $4,000,000 would not be recoverable if all contract holders terminated their contracts on a given day.

If a customer chooses to terminate a contract under the proposed rule, an ILEC would certainly lose the revenues it would have earned from that customer had he not terminated his contract; however, the ILEC's unrecovered, nonrecurring costs would be covered. It may be assumed that the ILEC has designed its contracts to recover any nonrecurring costs it incurred to serve the customer. The nonrecurring costs may be recovered through installation charges required to be paid in advance, a portion of monthly charges, termination charges, or a combination of the three methods. The proposed rule requires the customer to pay the ILEC an amount equal to any unrecovered, contract-specific, nonrecurring costs that do not exceed the termination liability specified in the contract being terminated. Therefore, if the proposed rule becomes effective and a customer chooses to terminate an eligible contract, the ILEC will be able to recover any outstanding nonrecurring costs of providing service.

Implementation

ILECs would incur administrative costs to provide the Statement of Termination Liability to customers. Sprint-Florida does not believe such costs would be significant. GTEFL also stated compliance costs would be relatively minor. However, GTEFL pointed out that additional labor costs could be incurred to determine the unrecovered, nonrecurring costs. BellSouth estimates labor and equipment cost totaling $239,247 to implement the proposed rule.

Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts, which should be offset by earned revenues. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

<u>IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES</u>

ALECS that are small businesses could benefit from the proposed rules by having the opportunity to increase their customer base. Small businesses, small cities, and small counties could benefit from the proposed rules by having the opportunity to obtain service which is more attractive in terms of functionality, features, or price than would otherwise be available under their current ILEC contract or tariffed term plan.

REASONABLE ALTERNATIVE METHODS

No Rule

The alternative of no rule is advocated by BellSouth and GTEFL. Both companies believe no rule is necessary, as the marketplace is effectively competitive. However, no evidence was provided to substantiate this. Collectively, ALECs serve only 1.8% of the total access lines in Florida, according to the most recent survey conducted by the Division of Communications staff in its 1998 report on competition.

When to Open and Close Window

According to the proposed rule, the Fresh Look Window (window) would begin 60 days after the effective date of the rule and remain open for two years. Several respondents stated opinions about how long the window should remain open. BellSouth believes the window should only remain open for three to six months. However, three to six months may not provide a sufficient opportunity for competitors to educate customers. Customers need a sufficient amount of time to evaluate their options, make choices, and have the changes implemented. In addition, three to six months may not be long enough for the market to experience lasting competitive benefits.

MCI, Intermedia, Florida Competitive Carriers Association (FCCA), and Time Warner, all believe the window should be open longer. Several respondents suggested the fresh look window should not open until there is some proof that customers will actually have choices. Sprint Communications Company Limited Partnership (Sprint) suggested the window be opened on the date the Federal Communications Commission (FCC) or the courts authorize BellSouth to provide interLATA services, and that the window remain open for six months. MCI suggested opening the window concurrent with the date long-term local number portability is implemented, and leaving the window open for three years. There are some benefits to opening the window later or tying the opening of the window to a date that marks a change in the competitive environment. More providers would be available to compete for customers in a wider area. On the other hand, opening the window later would mean customers committed to long term contracts would be delayed in receiving benefits they could otherwise gain by terminating their contracts earlier.

Setting a fixed, two-year period as the length of time the window should remain open may mean lower administrative and implementation costs to both the Commission and ILECs, as these costs would be confined to a finite time period. If the window were permitted to open at different times for different customers, depending upon factors in a particular service area, the period of time during which the Commission must monitor these events and resolve any disputes is lengthened and costs for both the Commission and ILECs may increase as a result. Those who believe the opening of the window should be tied to demonstrated competition in a specific area would argue that there is no point in having a Fresh Look window if no competitive alternatives exist. On the other hand, the opening of the Fresh Look window itself may bring competition to the area.

Eligible Contracts

The proposed rule would limit eligible contracts to those which were entered into prior to January 1, 1997, and are scheduled to remain in effect through the rule's effective date. Staff's proposal to limit eligible contracts to those that were entered into prior to January 1, 1997, is based on the belief that the numerous interconnection agreements entered into during 1996 marked a competitive milestone in Florida's telecommunications environment.

Alternatives to the January 1, 1997, date were suggested by several parties. Sprint suggested that contracts entered into from August 8, 1996, through the date of effective competition (date BellSouth is authorized to provide interLATA services) be termed eligible. FCCA, Intermedia, and MCI believe contracts entered into prior to January 1, 1999, should be eligible. Similarly, Time Warner believes contracts entered into up to the effective date of the proposed rule should be eligible. The difficulty is establishing when, and to what degree, competition exists.

Tariffed services are often substantially discounted when individually priced under a CSA. Due, in part, to concerns about anti-competitive behavior, ILECs are required to file quarterly reports with the Commission reflecting the number of new contract service arrangements provided.[1] A brief review of these reports shows the number of new CSAs provided annually more than quadrupled for BellSouth from 1994 to 1997. For Sprint, the number of new CSAs provided annually also increased, doubling from 1994 to 1997 (combined quarterly reports of Centel and United). For GTE, the number of new CSAs provided annually increased from 1994 to 1995, but by 1997 showed a 77% decrease from 1994 levels. The following table lists the number of new CSAs provided by each of the large LECs each year from 1984 through the second quarter of 1998.

[1]Not all the CSAs contained in these reports would be eligible contracts under the proposed rule.

New Contract Service Arrangements Provided															
	84	*85*	*86*	*87*	*88*	*89*	*90*	*91*	*92*	*93*	*94*	*95*	*96*	*97*	*2/98*
GTE	0	0	0	1	3	2	1	4	3	8	13	16	14	3	*
SBT	0	7	6	18	43	15	27	15	17	47	41	12	79	238	135
SPRINT	0	0	0	0	0	0	0	0	40	17	5	1	1	10	*

****unavailable***
Source: Numbers for 1984-1994 from Order No. PSC-95-0926-FOF-TL, remaining numbers from CSA Quarterly Reports. Numbers for United Telephone Company and Centel Telephone Company have been combined under Sprint

One reason for the increase in the number of new CSAs could be that more customers are receiving offers from competitors. Therefore, rather than lose these customers, the ILEC responds by offering to meet the customer's needs through a contract service arrangement. Another reason more new CSAs are offered each year may be that the number of tariffed services for which the Commission has granted CSA authority has increased over the past fourteen years.

Termination Liability

The proposed rule limits the customer's termination liability to unrecovered, nonrecurring costs which do not exceed the termination liability specified in the terms of the contract. The FCCA suggests ILECs should only be allowed to recover the costs of any special construction arrangements that were additional or unplanned construction specifically to serve a user. However, limiting cost recovery to additional or unplanned construction would not permit ILECs to recover the legitimate, nonrecurring costs reflected in the work papers supporting the contract.

Time Warner expressed concern that some customers would be discouraged from taking advantage of the Fresh Look Window if they were required to make a large lump-sum payment in order to terminate a contract. Time Warner suggested permitting customers to pay the unrecovered, nonrecurring costs over time, as ILECs presently recover such costs over the term of the contract. After consideration of this alternative, staff revised proposed Rule 25-4.302(5) to allow the customer the option of paying unrecovered, nonrecurring costs to the ILEC in monthly payments over the remainder of the original contract period.

KDL:tf\e-frlok2
cc: Sally Simmons, CMU

STATEMENT OF FACTS AND CIRCUMSTANCES JUSTIFYING RULE

Prior to local exchange competition, ILECs entered into customer contracts covering local telecommunications services offered over the public switched network due to the presence of PBX-based competition. In addition, the ILECs entered into customer contracts covering dedicated services and long distance services due to competition from AAVs and IXCs, respectively. The regulatory environment has changed due to the 1995 rewrite to Chapter 364, Florida Statutes, and the Telecommunications Act of 1996. ALECs are now offering switch-based substitutes for local service, either through use of their own facilities or resale, where PBXs had previously been the only alternative. For multi-line end users not interested in purchasing a PBX (due to financing, maintenance needs, constraints on upgrades, air conditioning, space limitations, or whatever reason), the LEC was heretofore the only option. Consequently, it is reasonable in this circumstance to give ALECs an opportunity to compete for this business without having to overcome the significant termination liability inherent in many ILEC contracts.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

4

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.	DOCKET NO. 980253-TX ORDER NO. PSC-99-0539-NOR-TX ISSUED: March 24, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt Rules 25-4.300, 25-4.301 and 25-4.302, Florida Administrative Code, relating to "fresh look" or a one-time opportunity for customers of incumbent local exchange companies to opt out of certain existing contracts so as to avail themselves of competitive alternatives.

The attached Notice of Rulemaking will appear in the April 2, 1999 edition of the Florida Administrative Weekly.

A hearing will be held at the following time and place:

9:30 a.m., Wednesday, May 12, 1999
Betty Easley Conference Center
4075 Esplanade Way, Room 152
Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, no later than April 23, 1999.

By ORDER of the Florida Public Service Commission, this 24th day of March, 1999.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of Records & Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-850-413-6770.

(S E A L)

DWC

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980253-TX

RULE TITLE:	RULE NO.:
Scope and Definitions	25-4.300
Applicability of Fresh Look	25-4.301
Termination of LEC Contracts	25-4.302

PURPOSE AND EFFECT: To enable ALECs to compete for existing ILEC customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to switch-based substitutes for local exchange telecommunications services.

SUMMARY: The rules describe those limited circumstances under which a customer may terminate an ILEC contract service arrangement or tariffed term plan (collectively, contracts), subject to a termination liability less than that specified in the contract. Those limited circumstances are for customer contracts covering local telecommunications services offered over the public switched network, which were entered into over the public switched network, which were entered into prior to the effective date of this rule, and that are still in effect and will remain in effect for at least six months after the effective date of this rule. In these limited circumstances, a customer may terminate said contract, during the "fresh look window", by paying only any unrecovered non-recurring cost which the ILEC has incurred. The "fresh look window" will begin 60 days following the effective date of this rule and end two years later.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: If the proposed Fresh Look rule becomes effective, a LEC will lose the revenues it would have earned from a customer who terminates early, except for the portion of those revenues associated with nonrecurring costs. A LEC would only experience a financial loss if its unrecovered, contract specific nonrecurring costs exceeded the termination liability specified in the controlling contract or tariff. LECs were generally unable to estimate the amount of costs, if any, they would not be able to recover since it is unknown which contracts might be terminated. The addition of the phrase "and have not elected price cap regulations" in section 25-24.300(1) includes all companies that may have competition in the area. Small LECs will be impacted to the extent that they have these types of contracts.

LECs would incur relatively minor administrative and labor costs to provide the Statement of Termination Liability to customers. Transactional costs for ALECs should be limited to the administrative cost of setting up new customer accounts. End-user customers should benefit from the proposed rules by having the opportunity to obtain services at lower rates with limited liability for contract termination charges.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 364.19, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE FOLLOWING TIME AND PLACE:

TIME: 9:30 A.M., WEDNESDAY, MAY 12, 1999

PLACE: BETTY EASLEY CONFERENCE CENTER, 4075 ESPLANADE WAY, ROOM 152, TALLAHASSEE, FL

THE PERSON TO BE CONTACTED REGARDING THESE PROPOSED RULES IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THESE PROPOSED RULES IS:

<u>PART XII - FRESH LOOK</u>

<u>25-4.300 Scope and Definitions</u>

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.

(2) For the purposes of this Part, the definitions to the following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh Look inquiries and requests should be directed.

(2) An end user may provide a written Notice of Intent to Terminate an eligible contract to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The termination liability shall be calculated from the information contained in the contract or the workpapers supporting the contract. If a discrepancy arises between the contract and the workpapers, the contract shall be controlling. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to subsections (4) and (6) and on the payment method selected in subsection (5).

(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

NAME OF PERSON ORIGINATING PROPOSED RULES: SALLY SIMMONS

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES: Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: March 16, 1999

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 24, Number 11, March 13, 1998

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

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FLORIDA PUBLIC SERVICE COMMISSION
RULE HEARING
MAY 12, 1999

COMPOSITE EXHIBIT

PROPOSED RULES 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; AND 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS

DOCKET NO. 980253-TX

5. COPY OF STAFF DATA REQUEST

6. RESPONSES TO STAFF DATA REQUEST
   1) BELLSOUTH
   2) VISTA-UNITED
   3) GTE FL
   4) NORTHEAST FLORIDA TELEPHONE
   5) SPRINT

980253.CMP

Part 2

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

DIVISION OF RESEARCH & REGULATORY REVIEW
DANIEL M. HOPPE, DIRECTOR
(850) 413-6800

Public Service Commission

MEMORANDUM

July 17, 1998

TO: BellSouth Telecommunications, Inc. - Ms. Nancy H. Sims
GTE Florida Incorporated - Ms. Beverly Y. Menard
Sprint-Florida Incorporated - Mr. F. B. (Ben) Poag

FROM: Daniel M. Hoppe, Director, Research and Regulatory Review DMH
Walter D'Haeseleer, Director, Communications WD

SUBJECT: Proposed Rules: 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; 25-4.302, F.A.C., Termination of LEC Contracts; 25-4.303, F.A.C., Dispute Resolution.

The proposed rules describe those limited circumstances under which a customer may terminate an incumbent local exchange company (ILEC) contract service arrangement (CSA) or tariffed term plan. The type of contracts which are eligible for early termination are described in the proposed rules. The proposed rules limit the customer's termination liability to any unrecovered, nonrecurring costs in an amount not to exceed the termination liability specified in the contract being terminated. The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

In order for commission staff to assess the regulatory costs of the proposed rules, please respond to the attached data request. To ensure that your response will be included in the analysis for the Statement of Estimated Regulatory Costs (SERC), please respond by August 17, 1998. If you have questions about the proposed rule language, please call Sally Simmons at (850) 413-6605. If you have questions about the SERC or this data request, please call Kathy Lewis at (850) 413-6594. A copy of the proposed rules is attached.

DMH:KDL:tf/d-fshlec
Attachments

DATA REQUEST ON
PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS; 25-4.303, F.A.C., DISPUTE RESOLUTION.

Company Name: ____

Name, title, and telephone number of
company official responding to request:

PLEASE RETURN NO LATER THAN AUGUST 17, 1998, TO:

KATHRYN DYAL LEWIS
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872

FAX No. (850) 413-6595
ATTN: KATHRYN DYAL LEWIS

The proposed rules describe those limited circumstances under which a customer may terminate an incumbent local exchange company (ILEC) contract service arrangement (CSA) or tariffed term plan. The type of contracts which are eligible for early termination are described in the proposed rules. The proposed rules limit the customer's termination liability to any unrecovered, nonrecurring costs in an amount not to exceed the termination liability specified in the contract being terminated. The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

INSTRUCTIONS

In answering the following questions, please consider the following:

- *Be as specific and accurate as possible in identifying costs or savings which would occur from implementation of each of the proposed rule amendments.*
- *Detail the assumptions and basis for each cost or savings estimate associated with each of the proposed rule amendments.*
- *In identifying additional types of expense/revenue increases or decreases, be specific as to the types of expenses/revenues (for example, labor costs, administrative costs, other operating revenues).*
- *Identify whether these expense/revenue increases or decreases would occur only in the initial year of implementation or if they would recur in subsequent years.*

* * * * * * * * * * * * *

1. Please identify and estimate the amount of contract termination charges that would not be recoverable under the proposed rule if all eligible contracts were terminated on December 31, 1998.

For questions 2 through 5, please provide separate answers for each proposed rule and subsection where possible.

2. Please identify and estimate costs to comply with each of the proposed rules, including all potential transactional costs. For purposes of this question, "transactional costs" should include direct costs that are readily ascertainable based upon standard business practices. These costs may include filing fees, costs of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, and the costs of monitoring and reporting.

3. Please identify and estimate benefits from each of the proposed rules.

4. Please provide any reasonable alternative methods of accomplishing the requirements of each of the proposed rules. Include the estimated costs of each alternative. If a modification of the proposed rule is suggested, please also include any related expenses/savings.

5. Please provide additional comments or cost estimates that may be useful to the Commission or its staff in assessing the economic impacts of the proposed rules.

<u>**PART XII - FRESH LOOK**</u>

<u>**25-4.300 Scope and Definitions.**</u>

<u>(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to January 1, 1997, that are in effect as of the effective date of this rule and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for Fresh Look. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to the end user's term commitment.</u>

<u>(2) For the purposes of this Part, the definitions to the following terms apply:</u>

<u>(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the limited liability provision specified in Rule 25-4.302(3).</u>

<u>(b) "Notice of Intent to Terminate"- The written notice by an</u>

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end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for two years from the starting date of the Fresh Look Window.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh Look inquiries and requests should be directed.

(2) Any end user may terminate an eligible contract by

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providing a written Notice of Termination to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to 25-4.302(4).

(4) From the date the end user provides the Notice of Termination to the LEC, the end user shall have up to 90 days to terminate the subject LEC services with limited termination liability.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

25-4.303 Dispute Resolution

(1) All disputes concerning eligible contracts, termination liability, or other matters within the scope of this Rule, shall be resolved by the Commission pursuant to Rule 25-22.032, F.A.C.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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DIVISION OF RESEARCH & REGULATORY REVIEW
DANIEL M. HOPPE, DIRECTOR
(850) 413-6800

Public Service Commission

MEMORANDUM

98 JUL 21 PM 1:04

July 17, 1998

TO: Selected Alternative Local Exchange Companies
Other Interested Parties
(Specific addressees on attached list)

FROM: Daniel M. Hoppe, Director, Research and Regulatory Review *DMH*
Walter D'Haeseleer, Director, Communications *WD*

SUBJECT: Proposed Rules: 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; 25-4.302, F.A.C., Termination of LEC Contracts; 25-4.303, F.A.C., Dispute Resolution.

The proposed rules describe those limited circumstances under which a customer may terminate an incumbent local exchange company (ILEC) contract service arrangement (CSA) or tariffed term plan. The type of contracts which are eligible for early termination are described in the proposed rules. The proposed rules limit the customer's termination liability to any unrecovered, nonrecurring costs in an amount not to exceed the termination liability specified in the contract being terminated. The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

In order for commission staff to assess the costs and benefits of the proposed rules, please respond to the attached data request. To ensure that your response will be included in the analysis for the Statement of Estimated Regulatory Costs (SERC), please respond by August 17, 1998. A separate data request has been sent to affected incumbent local exchange companies. If you have questions about the proposed rule language, please call Sally Simmons at (850) 413-6605. If you have questions about the SERC or this data request, please call Kathy Lewis at (850) 413-6594. A copy of the proposed rules is attached.

DMH:KDL:tf/d-fsalec
Attachments

DATA REQUEST ON
PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS; 25-4.303, F.A.C., DISPUTE RESOLUTION

DATE DATA REQUEST DUE: August 17, 1998

SELECTED ALTERNATIVE LOCAL EXCHANGE COMPANIES

AT&T Communications of the Southern States, Inc. - Ms. Rhonda P. Merritt
Cable & Wireless, Inc. - Ms. Rachel J. Rothstein
Communication Service Centers - Mr. Stephen Shooster
COMUSA, Inc. - Ms. Mary Margaret Hamilton
Cox Communications, Inc.- Ms. Jill Butler
e.spire Communications, Inc. - Mr. Riley M. Murphy
EXCEL Telecommunications, Inc. - Mr. Jim Butler
Florida Comm South - Mr. Toby Wilson
Group Long Distance, Inc. - Mr. Sam Hitner
Hart Communications - Mr. John H. Fondren, Jr.
INTERMEDIA Communications of Florida, Inc. - Mr. Steven Brown
Intetech, L.C. - Mr. Domenic P. Altomare
Jetcom, Inc. - Mr. Joseph D. Pierre
LCI International Telecom Corp. - Ms. Kim Logue
MCI Metro Access Transmission Services, Inc. - Ms. Martha P. McMillin
MediaOne Florida Telecommunications, Inc. - Mr. Donald L. Crosby
NationalTEL - Mr. Mark A. Mansour
RECONEX - Mr. Todd M. Meislahn
Sprint Communications Company Limited Partnership - Mr. Tony Key
Sprint Metropolitan Networks - Mr. Richard Warner
TCG South Florida - Mr. Kenneth A. Hoffman
TEL-LINK OF FLORIDA, LLC - Ms. Michelle Dodson McKay
Telephone Company of Central Florida, Inc. - Mr. Elder N. Pipper
The Other Phone Company, Inc. - Mr. Ken Baritz
Time Warner Communications - Ms. Carolyn Marek
Time Warner Communications - Ms. Rose Mary Glista
Unicom Communications, LLC - Mr. Dennis A. Parker

OTHER INTERESTED PARTIES

Cable Telecommunications Association - Ms. Laura Wilson
Florida Competitive Carrier's Association - Ms. Vicki Kaufman
Florida Public Telecommunications Association, Inc. - Ms. Angela Green

DATA REQUEST ON
PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS; 25-4.303, F.A.C., DISPUTE RESOLUTION

Company Name: ______________________________

Name, title, and telephone number of company official responding to request:

PLEASE RETURN NO LATER THAN AUGUST 17, 1998, TO:

KATHRYN DYAL LEWIS
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872

FAX No. (850) 413-6595
ATTN: KATHRYN DYAL LEWIS

The proposed rules describe those limited circumstances under which a customer may terminate an incumbent local exchange company (ILEC) contract service arrangement (CSA) or tariffed term plan. The type of contracts which are eligible for early termination are described in the proposed rules. The proposed rules limit the customer's termination liability to any unrecovered, nonrecurring costs in an amount not to exceed the termination liability specified in the contract being terminated. The proposed rules do not apply to ILECs which had fewer than 100,000 access lines as of July 1, 1995.

INSTRUCTIONS

In answering the following questions, please consider the following:

- *Be as specific and accurate as possible in identifying costs or savings which would occur from implementation of each of the proposed rule amendments.*

- *Detail the assumptions and basis for each cost or savings estimate associated with each of the proposed rule amendments.*

- *In identifying additional types of expense/revenue increases or decreases, be specific as to the types of expenses/revenues (for example, labor costs, administrative costs, other operating revenues).*

- *Identify whether these expense/revenue increases or decreases would occur only in the initial year of implementation or if they would recur in subsequent years.*

* * * * * * * * * * * * *

Please provide separate answers for each proposed rule and subsection where possible.

1. Please identify and estimate costs to comply with each of the proposed rules, including all potential transactional costs. For purposes of this question, "transactional costs" should include direct costs that are readily ascertainable based upon standard business practices. These costs may include filing fees, costs of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, and the costs of monitoring and reporting.

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4. Please provide additional comments or cost estimates that may be useful to the Commission or its staff in assessing the economic impacts of the proposed rules.

5. Please advise whether your company meets the definition of a small business per Section 288.703(1), Florida Statutes.

> "Small business" means an independently owned and operated business concern that employs 100 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than $3 million and an average net income after federal income taxes, excluding any carryover losses, for the preceding 2 years of not more than $2 million. As applicable to sole proprietorships, the $3 million net worth requirement shall include both personal and business investments.

6. If responding on behalf of a state, county or city government, please provide an estimate of the impact the proposed rules would have on state or local revenues.

7. If responding on behalf of an association, please describe your membership. For example, approximately how many of your members hold certificates to provide telecommunications services in Florida and what types of telecommunications services do your members provide or plan to provide?

PART XII - FRESH LOOK

25-4.300 Scope and Definitions.

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Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.

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BELLSOUTH

BellSouth Telecommunications, Inc.
400
150 South Monroe Street
Tallahassee, Florida 32301

850 222-1201
Fax 850 222-8640

Nancy H. Sims
Director – Regulatory Relations

1

April 30, 1999

Ms. Kathy Lewis
Division of research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald L. Gunter Building
Tallahassee, Florida 32399-0850

Dear Ms. Lewis:

RE: Docket 980253-TX Fresh Look Data Request

Attached is BellSouth Telecommunication's response to your data request of March 30, 1999.

If you have any further questions, please do not hesitate to call.

Yours very truly,

Nancy H. Sims

Director-Regulatory Relations

Attachment

BellSouth Telecommunications, Inc.
FPSC Staff's Data Request
Dated: March 30, 1999
Docket 980253-TX; Fresh Look Policy
Item No. 1

REQUEST: For all services provided under eligible contracts, please provide a copy of your tariff pages that contain the corresponding tariffed service, showing both recurring and non-recurring charges.

RESPONSE: See attached tariff pages.

RESPONSE PROVIDED BY: Stan Greer

REQUEST: For each tariffed service provided in response to Staff's First Data Request, Question 1, please state the amount of contribution (rate minus unit cost) contained in each of the monthly recurring charges.

RESPONSE: Attached are lists of USOC's with contract plans and corresponding contribution levels for the following services:

BellSouth Primary Rate ISDN
ISDN – Business Service
ISDN – Residence Service
MultiServ* Service
ESSX® Service

* Service Mark of BellSouth Corporation.

RESPONSE PROVIDED BY: Sheila Coffey, Manager, Cost Matters

REQUEST: Please complete the matrix contained on the following pages for all contract service arrangements that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

RESPONSE: See attached matrix for individual service element and full service Contract Service Arrangements which meet the "fresh look" criteria as of April 22, 1999, assuming the effective date of the rule is January 1, 2000.

RESPONSE PROVIDED BY: Johnnie R. Simmons

State: Florida
Product: ISDN - Residence Service

USOC	Month to Month CONTRIBUTION	24-59 Months CONTRIBUTION
LQGFX	$ (22.19)	$ (26.19)
LQGHX	$ 47.05	$ 37.05
LQGOX	$ 67.93	$ 57.93

State: Florida
Product: Basic Rate ISDN - Business

USOC	Month to Month CONTRIBUTION	36-59 Months CONTRIBUTION	60-120 Months CONTRIBUTION
DOE	$3.80	$2.55	$1.30
DS1F1	$4.00	$2.75	$1.50
DS1FD	$2.86	$1.91	$0.96
DS1FE	$3.00	$2.05	$1.10
DS1FG	$1.81	$0.81	$0.31
DS1FJ	$3.74	$2.49	$1.24
DS1FM	$0.50	$0.40	$0.25
DS1FN	$2.08	$1.13	$0.18
DS1FU	$0.50	$0.40	$0.25
GJXCF	$2.99	$2.04	$1.09
LLAVP	$0.49	$0.39	$0.24
LLDSF	$4.00	$2.75	$1.50
LLNCV	$2.98	$2.03	$1.08
LLOCD	$2.99	$2.04	$1.09
LLPCD	$2.99	$2.04	$1.09
LLQCV	$2.48	$1.53	$0.58
LLRCD	$2.50	$1.55	$0.60
LLSCV	$2.48	$1.53	$0.58
LLUCD	$2.50	$1.55	$0.60
LLVCG	$4.00	$2.75	$1.50
LLXCM	$2.00	$1.00	$0.50
LLY6P	$9.60	$7.10	$4.60
LLZSU	$3.99	$2.74	$1.49
LQGFX	$9.03	$6.03	$4.03
LQGHX	$57.25	$47.25	$37.25
LQGMB	$5.03	$2.13	$0.03
LQGOX	$87.93	$67.93	$57.93
LQRDB	$1.53	$0.53	$0.03
LQRLB	$1.53	$0.53	$0.03

M1GNC	$40.61	$30.61	$20.61
M1GNM	$0.24	$0.19	$0.14
M61FW	$3.00	$2.05	$1.10
M61FX	$3.00	$2.05	$1.10
M6ADF	$2.48	$1.53	$0.58
M6AVA	$2.48	$1.53	$0.58
M6BDF	$2.48	$1.53	$0.58
M6BVA	$2.48	$1.53	$0.58
M6CD5	$2.99	$2.04	$1.09
M6CV5	$2.98	$2.03	$1.08
M6GN9	$1.00	$0.75	$0.50
M6HP6	$0.98	$0.73	$0.48
M6JNF	$0.98	$0.73	$0.48
M6K16	$1.56	$0.61	($0.34)
M6LOA	$1.00	$0.75	$0.50
M6LTA	$1.00	$0.75	$0.50
M6MGD	$1.00	$0.75	$0.50
M6MPD	$1.00	$0.75	$0.50
M6QTD	$0.92	$0.67	$0.42
MWW	$0.50	$0.40	$0.25
NCE	$1.95	$1.00	$0.05
NSK	$2.99	$2.04	$1.09
NSQ	$3.70	$2.45	$1.20
NSS	$3.68	$2.43	$1.18
NST	$4.36	$3.11	$1.86
NSY	$3.87	$2.62	$1.37

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION	36-59 Months CONTRIBUTION	60-120 Months CONTRIBUTION
M1FNX	$ 4.57	$ 3.07	$ 1.57
M1FCX	$ 4.57	$ 3.07	$ 1.57
M1FEX	$ 4.57	$ 3.07	$ 1.57
M1GBC	$ 4.56	$ 1.71	$ 0.56
M1GBM	$ 1.49	$ 1.34	$ 1.24
M1GEB	$ 5.64	$ 4.64	$ 3.79
M1HVA	$ 13.93	$ 11.93	$ 9.43
M1HVD	$ 13.93	$ 11.93	$ 9.43
M1H8T	$ 0.42	$ 0.32	$ 0.27
M1HOT	$ 0.36	$ 0.31	$ 0.21
M1HVA	$ 13.93	$ 11.93	$ 9.43
M1HPT	$ 174.44	$ 149.44	$ 119.44
M1HVD	$ 13.93	$ 11.93	$ 9.43
M1HD1	$ 289.20	$ 239.20	$ 189.20
M1H8T	$ 0.42	$ 0.32	$ 0.27
M1HOT	$ 0.36	$ 0.31	$ 0.21
M1LFA	$ 21.37	$ 18.37	$ 15.37
M1LFB	$ 21.37	$ 18.37	$ 15.37
M1LFC	$ 21.37	$ 18.37	$ 15.37
M1LFD	$ 21.37	$ 18.37	$ 15.37
M1LFE	$ 21.37	$ 18.37	$ 15.37
M1LFF	$ 21.37	$ 18.37	$ 15.37
M1LFG	$ 21.37	$ 18.37	$ 15.37
M1LFT	$ 21.37	$ 18.37	$ 15.37
M1LFU	$ 21.37	$ 18.37	$ 15.37
M1LFV	$ 21.37	$ 18.37	$ 15.37
M1LF3	$ 21.37	$ 18.37	$ 15.37
M1LFH	$ 21.37	$ 18.37	$ 15.37
M1LFW	$ 21.37	$ 18.37	$ 15.37
M1LFJ	$ 21.37	$ 18.37	$ 15.37
M1LFM	$ 21.37	$ 18.37	$ 15.37
M1LFO	$ 21.37	$ 18.37	$ 15.37
M1LFP	$ 21.37	$ 18.37	$ 15.37
M1LFQ	$ 21.37	$ 18.37	$ 15.37
M1LFR	$ 21.37	$ 18.37	$ 15.37
M1LFS	$ 21.37	$ 18.37	$ 15.37
M1LF4	$ 21.37	$ 18.37	$ 15.37
M1LF5	$ 21.37	$ 18.37	$ 15.37
M1LF6	$ 21.37	$ 18.37	$ 15.37
M1LF7	$ 21.37	$ 18.37	$ 15.37
M1LFZ	$ 21.37	$ 18.37	$ 15.37
M1LF9	$ 18.55	$ 17.05	$ 15.30
M1LF2	$ 18.55	$ 17.05	$ 15.30
M4LFA	$ 4.57	$ 3.07	$ 1.57
M4LFB	$ 4.57	$ 3.07	$ 1.57
M4LFC	$ 4.57	$ 3.07	$ 1.57
M4LFD	$ 4.57	$ 3.07	$ 1.57
M4LFE	$ 4.57	$ 3.07	$ 1.57
M4LFF	$ 4.57	$ 3.07	$ 1.57

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION		36-59 Months CONTRIBUTION		60-120 Months CONTRIBUTION	
M4LFG	$	4.57	$	3.07	$	1.57
M4LFT	$	4.57	$	3.07	$	1.57
M4LFU	$	4.57	$	3.07	$	1.57
M4LFV	$	4.57	$	3.07	$	1.57
M4LF3	$	4.57	$	3.07	$	1.57
M4LFH	$	4.57	$	3.07	$	1.57
M4LFW	$	4.57	$	3.07	$	1.57
M4LFJ	$	4.57	$	3.07	$	1.57
M4LFM	$	4.57	$	3.07	$	1.57
M4LFO	$	4.57	$	3.07	$	1.57
M4LFP	$	4.57	$	3.07	$	1.57
M4LFQ	$	4.57	$	3.07	$	1.57
M4LFR	$	4.57	$	3.07	$	1.57
M4LFS	$	4.57	$	3.07	$	1.57
M4LF4	$	4.57	$	3.07	$	1.57
M4LF5	$	4.57	$	3.07	$	1.57
M4LF6	$	4.57	$	3.07	$	1.57
M4LF7	$	4.57	$	3.07	$	1.57
M4LFZ	$	4.57	$	3.07	$	1.57
M4LF9	$	1.90	$	1.75	$	1.60
M4LF2	$	1.90	$	1.75	$	1.60
M1LSA	$	6.32	$	4.82	$	3.07
M1LSB	$	6.32	$	4.82	$	3.07
M1LSC	$	6.32	$	4.82	$	3.07
M1LSD	$	6.32	$	4.82	$	3.07
M1LSE	$	6.32	$	4.82	$	3.07
M1LSF	$	6.32	$	4.82	$	3.07
M1LSG	$	6.32	$	4.82	$	3.07
M1LST	$	6.32	$	4.82	$	3.07
M1LSU	$	6.32	$	4.82	$	3.07
M1LSV	$	6.32	$	4.82	$	3.07
M1LS3	$	6.32	$	4.82	$	3.07
M1LSH	$	6.32	$	4.82	$	3.07
M1LSW	$	6.32	$	4.82	$	3.07
M1LSJ	$	6.32	$	4.82	$	3.07
M1LSM	$	6.32	$	4.82	$	3.07
M1LSO	$	6.32	$	4.82	$	3.07
M1LSP	$	6.32	$	4.82	$	3.07
M1LSQ	$	6.32	$	4.82	$	3.07
M1LSR	$	6.32	$	4.82	$	3.07
M1LSS	$	6.32	$	4.82	$	3.07
M1LS4	$	6.32	$	4.82	$	3.07
M1LS5	$	6.32	$	4.82	$	3.07
M1LS6	$	6.32	$	4.82	$	3.07
M1LS7	$	6.32	$	4.82	$	3.07
M1LSZ	$	6.32	$	4.82	$	3.07
M1LS9	$	3.85	$	3.55	$	3.20
M1LS2	$	3.85	$	3.55	$	3.20
M4LSA	$	3.32	$	1.97	$	0.57

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION		36-59 Months CONTRIBUTION		60-120 Months CONTRIBUTION	
M4LSB	$	3.32	$	1.97	$	0.57
M4LSC	$	3.32	$	1.97	$	0.57
M4LSD	$	3.32	$	1.97	$	0.57
M4LSE	$	3.32	$	1.97	$	0.57
M4LSF	$	3.32	$	1.97	$	0.57
M4LSG	$	3.32	$	1.97	$	0.57
M4LST	$	3.32	$	1.97	$	0.57
M4LSU	$	3.32	$	1.97	$	0.57
M4LSV	$	3.32	$	1.97	$	0.57
M4LS3	$	3.32	$	1.97	$	0.57
M4LSH	$	3.32	$	1.97	$	0.57
M4LSW	$	3.32	$	1.97	$	0.57
M4LSJ	$	3.32	$	1.97	$	0.57
M4LSM	$	3.32	$	1.97	$	0.57
M4LSO	$	3.32	$	1.97	$	0.57
M4LSP	$	3.32	$	1.97	$	0.57
M4LSQ	$	3.32	$	1.97	$	0.57
M4LSR	$	3.32	$	1.97	$	0.57
M4LSS	$	3.32	$	1.97	$	0.57
M4LS4	$	3.32	$	1.97	$	0.57
M4LS5	$	3.32	$	1.97	$	0.57
M4LS6	$	3.32	$	1.97	$	0.57
M4LS7	$	3.32	$	1.97	$	0.57
M4LSZ	$	3.32	$	1.97	$	0.57
M4LS9	$	1.20	$	1.10	$	1.00
M4LS2	$	1.20	$	1.10	$	1.00
CCX1A	$	1.51	$	0.81	$	0.11
CCX5E	$	8.40	$	7.70	$	7.00
CCXDM	$	8.40	$	7.70	$	7.00
CCXEW	$	1.51	$	0.81	$	0.11
CCX5F	$	8.40	$	7.70	$	7.00
CCXD1	$	8.40	$	7.70	$	7.00
CCXED	$	1.51	$	0.81	$	0.11
CCXSE	$	8.40	$	7.70	$	7.00
CCXSA	$	1.51	$	0.81	$	0.11
M1M1A	$	1.13	$	0.63	$	0.08
M1M11	$	1.14	$	0.64	$	0.09
M1M12	$	1.51	$	0.81	$	0.11
M1M13	$	1.52	$	0.82	$	0.12
M1M14	$	1.14	$	0.59	$	0.09
M1M15	$	1.30	$	0.70	$	0.10
M1M16	$	1.29	$	0.69	$	0.09
M1MDA	$	6.20	$	5.70	$	5.15
M1MD1	$	6.00	$	5.50	$	4.95
M1MD2	$	8.40	$	7.70	$	7.00
M1MD3	$	8.35	$	7.65	$	6.95
M1MD4	$	6.25	$	5.70	$	5.20
M1MD5	$	7.10	$	6.50	$	5.90
M1MD6	$	7.05	$	6.45	$	5.85

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION	36-59 Months CONTRIBUTION	60-120 Months CONTRIBUTION
M1MD7	$ 7.55	$ 6.90	$ 6.30
M1MD8	$ 7.45	$ 6.80	$ 6.20
M1MD9	$ 8.40	$ 7.70	$ 7.00
M1MA1	$ 10.30	$ 9.45	$ 8.60
M1MA2	$ 10.30	$ 9.45	$ 8.60
M1MA3	$ 8.80	$ 8.05	$ 7.35
M1MA4	$ 9.25	$ 8.45	$ 7.70
M1MDB	$ 7.20	$ 6.60	$ 6.00
M1MDC	$ 8.45	$ 7.75	$ 7.05
M1MDD	$ 8.45	$ 7.75	$ 7.05
M1M5A	$ 6.20	$ 5.70	$ 5.15
M1M51	$ 6.00	$ 5.50	$ 4.95
M1M52	$ 8.40	$ 7.70	$ 7.00
M1M53	$ 8.35	$ 7.65	$ 6.95
M1M54	$ 6.25	$ 5.70	$ 5.20
M1M55	$ 7.10	$ 6.50	$ 5.90
M1M56	$ 7.05	$ 6.45	$ 5.85
M1M59	$ 8.40	$ 7.70	$ 7.00
M1MEA	$ 1.13	$ 0.63	$ 0.08
M1ME1	$ 1.14	$ 0.64	$ 0.09
M1ME2	$ 1.51	$ 0.81	$ 0.11
M1ME3	$ 1.52	$ 0.82	$ 0.12
M1ME4	$ 1.14	$ 0.59	$ 0.09
M1ME5	$ 1.30	$ 0.70	$ 0.10
M1ME6	$ 1.29	$ 0.69	$ 0.09
M1ME9	$ 1.51	$ 0.81	$ 0.11
M4CPA	$ 0.19	$ 0.14	$ 0.09
M4C1A	$ 0.19	$ 0.14	$ 0.09
M4CAA	$ 0.19	$ 0.14	$ 0.09
M4DAF	$ 0.15	$ 0.10	$ 0.05
M4DAG	$ 0.50	$ 0.45	$ 0.40
M4DAH	$ 1.70	$ 1.55	$ 1.40
M4DAL	$ 0.50	$ 0.45	$ 0.40
M4DAM	$ 0.50	$ 0.45	$ 0.40
M4DAN	$ 0.40	$ 0.35	$ 0.30
M4DAO	$ 1.20	$ 1.10	$ 1.00
M4DAJ	$ 0.60	$ 0.55	$ 0.50
M4DAQ	$ 1.20	$ 1.10	$ 1.00
M4DAR	$ 0.20	$ 0.15	$ 0.10
M4DKB	$ 0.15	$ 0.10	$ 0.05
M4DBT	$ 0.15	$ 0.10	$ 0.05
M4DCU	$ 2.65	$ 2.40	$ 2.20
M4DDV	$ 0.55	$ 0.50	$ 0.45
M4DEW	$ 1.40	$ 1.30	$ 1.20
M4DFX	$ 1.55	$ 1.40	$ 1.30
M4DGY	$ 0.15	$ 0.10	$ 0.05
M4DHZ	$ 0.15	$ 0.10	$ 0.05
M4DJA	$ 0.85	$ 0.80	$ 0.75
M4EAP	$ 0.15	$ 0.10	$ 0.05

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION		36-59 Months CONTRIBUTION		60-120 Months CONTRIBUTION	
M4EFP	$	0.15	$	0.10	$	0.05
M4EGP	$	0.25	$	0.20	$	0.15
M4EHP	$	0.45	$	0.40	$	0.35
M4EJP	$	0.15	$	0.10	$	0.05
M4EMP	$	0.15	$	0.10	$	0.05
M4ENP	$	0.50	$	0.45	$	0.40
M4EPP	$	0.25	$	0.20	$	0.15
M4EQP	$	0.65	$	0.60	$	0.55
M4ERP	$	0.15	$	0.10	$	0.05
M4E1P	$	0.15	$	0.10	$	0.05
M4EZP	$	0.15	$	0.10	$	0.05
M4ESP	$	0.15	$	0.10	$	0.05
M4ETP	$	0.15	$	0.10	$	0.05
M4EBP	$	0.15	$	0.10	$	0.05
M4ECP	$	0.15	$	0.10	$	0.05
M4EVP	$	0.15	$	0.10	$	0.05
M4EWP	$	0.15	$	0.10	$	0.05
M4EXP	$	0.15	$	0.10	$	0.05
M4E3P	$	0.15	$	0.10	$	0.05
M4E5P	$	0.15	$	0.10	$	0.05
M4E7P	$	0.15	$	0.10	$	0.05
M4E2P	$	0.15	$	0.10	$	0.05
M4E4P	$	0.25	$	0.20	$	0.15
M4E6P	$	0.35	$	0.30	$	0.25
M4E8P	$	3.00	$	2.75	$	2.50
M4E9P	$	1.30	$	1.20	$	1.10
M4DAB	$	0.15	$	0.10	$	0.05
M4DAC	$	0.15	$	0.10	$	0.05
M4DAD	$	0.15	$	0.10	$	0.05
M4DAE	$	0.15	$	0.10	$	0.05
M4EEP	$	0.15	$	0.10	$	0.05
M4DAK	$	0.15	$	0.10	$	0.05
M4DAP	$	0.15	$	0.10	$	0.05
M4FEN	$	0.15	$	0.10	$	0.05
M4FFN	$	0.25	$	0.20	$	0.15
M4FGN	$	0.15	$	0.10	$	0.05
M4FHN	$	0.25	$	0.20	$	0.15
M4FJN	$	0.20	$	0.15	$	0.10
M4FKN	$	0.15	$	0.10	$	0.05
M4FMN	$	0.15	$	0.10	$	0.05
M4FLN	$	0.15	$	0.10	$	0.05
M4FCR	$	0.15	$	0.10	$	0.05
M4FC1	$	0.15	$	0.10	$	0.05
M4FPN	$	0.15	$	0.10	$	0.05
M4ELP	$	0.40	$	0.35	$	0.30
M4FB1	$	0.15	$	0.10	$	0.05
M4FBE	$	0.15	$	0.10	$	0.05
M4FBD	$	0.15	$	0.10	$	0.05
M4FBB	$	0.15	$	0.10	$	0.05

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION	36-59 Months CONTRIBUTION	60-120 Months CONTRIBUTION
M4FRN	$ 0.15	$ 0.10	$ 0.05
M4FTN	$ 0.15	$ 0.10	$ 0.05
M4FUN	$ 0.15	$ 0.10	$ 0.05
M4FVN	$ 0.35	$ 0.30	$ 0.25
M4FWN	$ 0.15	$ 0.10	$ 0.05
M4FXN	$ 0.60	$ 0.55	$ 0.50
M4FYN	$ 13.25	$ 12.00	$ 11.00
M4FZN	$ 0.15	$ 0.10	$ 0.05
M4FAM	$ 0.15	$ 0.10	$ 0.05
M4FBM	$ 0.15	$ 0.10	$ 0.05
M4FDM	$ 0.15	$ 0.10	$ 0.05
M4FEM	$ 0.15	$ 0.10	$ 0.05
M4FFM	$ 7.70	$ 7.10	$ 6.50
M4GCT	$ 0.40	$ 0.35	$ 0.30
M4GAK	$ 0.15	$ 0.10	$ 0.05
M4GCA	$ 0.15	$ 0.10	$ 0.05
M4GCB	$ 0.15	$ 0.10	$ 0.05
M4GCC	$ 0.15	$ 0.10	$ 0.05
M4GCD	$ 0.15	$ 0.10	$ 0.05
M4GCE	$ 0.15	$ 0.10	$ 0.05
M4GCF	$ 0.15	$ 0.10	$ 0.05
M4GCG	$ 0.15	$ 0.10	$ 0.05
M4GCH	$ 0.15	$ 0.10	$ 0.05
M4GCJ	$ 0.15	$ 0.10	$ 0.05
M4GCK	$ 0.15	$ 0.10	$ 0.05
M4GCQ	$ 0.15	$ 0.10	$ 0.05
M4GCV	$ 0.15	$ 0.10	$ 0.05
M4GCW	$ 0.15	$ 0.10	$ 0.05
M4GCX	$ 0.15	$ 0.10	$ 0.05
M4GCY	$ 0.15	$ 0.10	$ 0.05
M4GCZ	$ 0.15	$ 0.10	$ 0.05
M4GCL	$ 0.15	$ 0.10	$ 0.05
M4GCM	$ 0.15	$ 0.10	$ 0.05
M4GCN	$ 0.40	$ 0.35	$ 0.30
M4GCP	$ 0.90	$ 0.85	$ 0.75
M4GCR	$ 0.60	$ 0.55	$ 0.50
M4GCS	$ 0.15	$ 0.10	$ 0.05
M4GDC	$ 0.15	$ 0.10	$ 0.05
M4EUP	$ 0.15	$ 0.10	$ 0.05
M4GDD	$ 0.15	$ 0.10	$ 0.05
M4GDE	$ 0.15	$ 0.10	$ 0.05
M1NBC	$ 3.25	$ 2.75	$ 2.15
M1NAR	$ 0.15	$ 0.10	$ 0.05
M1NAS	$ 0.19	$ 0.14	$ 0.09
M1NAA	$ 0.15	$ 0.10	$ 0.05
M1NUN	$ 0.56	$ 0.46	$ 0.36
M1NTS	$ 1.02	$ 0.82	$ 0.67
M1NTT	$ 1.09	$ 0.94	$ 0.74
M2HRL	$ 0.12	$ 0.07	$ 0.02

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION		36-59 Months CONTRIBUTION		60-120 Months CONTRIBUTION	
M2DDA	$	1.17	$	1.07	$	0.97
M2FFA	$	1.61	$	1.31	$	1.06
M2FLD	$	0.15	$	0.10	$	0.05
M2FH5	$	0.15	$	0.10	$	0.05
M2HM3	$	0.85	$	0.70	$	0.55
M2HN5	$	0.64	$	0.59	$	0.49
M2JR4	$	0.11	$	0.06	$	0.01
M2KTA	$	0.49	$	0.44	$	0.34
M2LED	$	0.15	$	0.10	$	0.05
M2LOA	$	0.13	$	0.08	$	0.03
M2LCA	$	0.13	$	0.08	$	0.03
M2LA6	$	0.13	$	0.08	$	0.03
M2LD5	$	0.14	$	0.09	$	0.04
M2LB5	$	0.14	$	0.09	$	0.04
M2NA7	$	0.17	$	0.12	$	0.07
M2NBB	$	1.20	$	1.10	$	1.00
M2NBA	$	0.15	$	0.10	$	0.05
M2NC7	$	0.11	$	0.06	$	0.01
M2NDD	$	0.14	$	0.09	$	0.04
M2PA5	$	0.14	$	0.09	$	0.04
M2POA	$	0.15	$	0.10	$	0.05
M2P1A	$	0.15	$	0.10	$	0.05
M2RBD	$	2.14	$	1.79	$	1.39
M2RED	$	8.35	$	7.10	$	5.60
M2RPD	$	3.04	$	2.54	$	2.04
M2RSA	$	1.54	$	1.24	$	0.99
M2SDA	$	24.60	$	20.60	$	16.60
M2EE5	$	0.15	$	0.10	$	0.05
M2UAD	$	0.14	$	0.09	$	0.04
M2UBD	$	0.14	$	0.09	$	0.04
M2VPA	$	0.12	$	0.07	$	0.02
M2VBD	$	0.15	$	0.10	$	0.05
M2VNA	$	0.15	$	0.10	$	0.05
M2VC6	$	0.15	$	0.10	$	0.05
M2WWD	$	0.83	$	0.73	$	0.63
M2WR5	$	0.68	$	0.63	$	0.58
M2WC8	$	0.69	$	0.59	$	0.54
M2WAD	$	0.66	$	0.56	$	0.46
M2WBD	$	0.12	$	0.07	$	0.02
M2XL9	$	0.15	$	0.10	$	0.05
M2YED	$	0.50	$	0.45	$	0.40
M2ZGD	$	0.29	$	0.24	$	0.19
M3ALD	$	0.15	$	0.10	$	0.05
M3AMA	$	1.16	$	0.96	$	0.76
M3AG8	$	3.21	$	2.71	$	2.11
M3AGA	$	3.21	$	2.71	$	2.11
M3AUD	$	0.15	$	0.10	$	0.05
M3BP5	$	0.15	$	0.10	$	0.05
M3CAA	$	0.18	$	0.13	$	0.08

State: Florida
Product: MultiServ* Service

USOC	Month to Month CONTRIBUTION		36-59 Months CONTRIBUTION		60-120 Months CONTRIBUTION	
M3CLD	$	0.78	$	0.63	$	0.53
M3DS6	$	8.50	$	7.00	$	5.75
M3DU6	$	24.60	$	20.60	$	16.60
M3DM6	$	13.65	$	11.15	$	8.90
M3DL5	$	0.65	$	0.60	$	0.55
M3ELD	$	0.18	$	0.13	$	0.08
M3FSD	$	15.25	$	14.00	$	12.75
M3GQ7	$	3.89	$	3.24	$	2.59
M3JA6	$	0.44	$	0.34	$	0.29
M3K2A	$	228.50	$	203.50	$	178.50
M3K9A	$	247.74	$	222.74	$	197.74
M3LL8	$	0.13	$	0.08	$	0.03
M3Y3O	$	0.13	$	0.08	$	0.03
M3Y4O	$	0.13	$	0.08	$	0.03
M3Y5O	$	0.12	$	0.07	$	0.02
M3Y6O	$	0.13	$	0.08	$	0.03
M3Y7O	$	0.12	$	0.07	$	0.02
M3Y8O	$	0.13	$	0.08	$	0.03
M3YAA	$	0.14	$	0.09	$	0.04
M3NCD	$	6.70	$	5.45	$	4.45
M3NRD	$	0.15	$	0.10	$	0.05
M3PSA	$	261.10	$	236.10	$	216.10
M3PSB	$	2.02	$	1.72	$	1.37
M3RF2	$	0.12	$	0.07	$	0.02
M3RC2	$	0.12	$	0.07	$	0.02
M3RG2	$	0.12	$	0.07	$	0.02
M3RH2	$	0.12	$	0.07	$	0.02
M3RJ2	$	0.12	$	0.07	$	0.02
M3RK2	$	0.12	$	0.07	$	0.02
M3RDE	$	0.14	$	0.09	$	0.04
M3RBE	$	0.14	$	0.09	$	0.04
M3REE	$	0.14	$	0.09	$	0.04
M3RAE	$	0.14	$	0.09	$	0.04
M3RL1	$	0.14	$	0.09	$	0.04
M3QLB	$	9.76	$	8.26	$	6.51
M3QG5	$	0.15	$	0.10	$	0.05
M3QD5	$	0.15	$	0.10	$	0.05
M3ORA	$	0.14	$	0.09	$	0.04
M3OMA	$	0.14	$	0.09	$	0.04
M3SVD	$	0.90	$	0.80	$	0.70
M3XDD	$	526.17	$	441.17	$	351.17
M3UAD	$	132.79	$	107.79	$	87.79
M3VAD	$	41.06	$	34.06	$	27.06
M3VDD	$	41.06	$	34.06	$	27.06
M3WMD	$	0.75	$	0.65	$	0.50

State: Florida
Product: Primary Rate ISDN

USOC	Month to Month CONTRIBUTION		24-48 Month CONTRIBUTION		49-72 Month CONTRIBUTION	
1LD1E	$	71.05	$	61.05	$	51.05
1LN1A	$	19.24	$	14.24	$	9.24
1LN1B	$	23.70	$	21.70	$	19.70
PR71D	$	218.76	$	193.76	$	158.76
PR71E	$	222.00	$	197.00	$	162.00
PR71V	$	200.36	$	175.36	$	140.36
PR7BD	$	28.71	$	26.11	$	24.81
PR7BF	$	10.57	$	7.87	$	6.67
PR7BV	$	39.30	$	36.60	$	32.15
PR7N1	$	(0.20)	$	(0.23)	$	(0.25)
PR7N2	$	7.31	$	6.31	$	5.81
PR7N3	$	6.79	$	5.99	$	5.59
PR7GX	$	30.00	$	27.00	$	25.00
PR7GY	$	30.00	$	27.00	$	25.00

State: Florida
Product: ESSX* Service

	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
3AX	3.36	2.46	2.36	2.26
A4T	1.27	0.77	0.52	0.27
A5TMD	2.08	1.58	1.08	0.58
A5TSD	1.54	0.74	0.64	0.54
A63	0.10	0.05	0.05	0.05
A66CE	2.04	0.59	0.54	0.49
A6G	1.17	0.47	0.37	0.27
A6T	8.52	7.27	7.07	6.92
A6VDN	2.50	0.90	0.60	0.50
A7Q	22.85	20.10	19.60	19.35
A82	0.51	0.21	0.16	0.11
A83RA	0.08	0.03	0.03	0.03
A8GAT	4.54	2.54	1.54	1.04
A8GCE	27.67	7.67	7.67	7.67
A8GST	0.16	0.06	0.06	0.06
A9A	1.17	0.47	0.37	0.27
A9D	1.48	0.83	0.63	0.48
AAG4X	1.96	1.76	1.66	1.56
AAQ3X	22.46	12.46	7.46	2.46
AAQ4X	1.56	1.26	1.16	1.06
AAQ7X	88.60	78.60	73.60	68.60
AAQ8M	0.51	0.36	0.31	0.26
AAQ8X	2.51	2.36	2.31	2.26
AAS	0.87	0.77	0.72	0.67
AB8	1.30	0.80	0.55	0.30
ABB	-2.05	-2.15	-2.20	-2.25
AC5	16.88	6.88	5.88	4.88
AC6	13.82	7.82	6.82	5.82
ACY	1.86	0.96	0.86	0.76
AE2	0.62	0.52	0.52	0.52
AFM	0.24	0.19	0.19	0.19
AKG	0.26	0.16	0.11	0.06
ANZ	0.25	0.20	0.20	0.20
AORPC	3.34	1.24	0.79	0.64
AQBPG	0.08	0.03	0.03	0.03
AQDPG	63.00	43.00	38.00	33.00
AQNPG	0.09	0.04	0.04	0.04
AQPPS	34.60	21.60	20.60	18.60
AQQ	0.58	0.23	0.18	0.13
AQTPG	0.08	0.03	0.03	0.03
AQY	0.21	0.16	0.11	0.06
AR5	0.19	0.14	0.09	0.04
AR9	0.53	0.33	0.23	0.13
ARE	0.25	0.15	0.10	0.05

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
ARG	1.15	0.45	0.35	0.25
ARH	0.55	0.35	0.25	0.15
ARK	0.52	0.42	0.42	0.42
AS5	1.57	1.27	1.22	1.22
AS6	0.08	0.03	0.03	0.03
ASJ	0.30	0.20	0.15	0.10
AT5	0.45	0.40	0.40	0.40
ATB	0.92	0.67	0.42	0.17
AUP	0.09	0.04	0.04	0.04
AUVPG	-16.43	-16.48	-16.48	-16.48
AUZHX	27.25	24.50	24.25	23.75
AUZJX	27.25	24.50	24.25	23.75
AUZKX	27.25	24.50	24.25	23.75
AUZLX	5.65	2.15	1.65	1.15
AUZMX	16.89	13.39	12.89	12.39
AWS	0.19	0.14	0.14	0.14
AWTPC	2.08	0.58	0.33	0.08
B2ZPG	0.60	0.40	0.40	0.40
B2ZPK	0.15	0.10	0.10	0.10
B3APK	2.14	0.79	0.54	0.39
BRT	0.46	0.21	0.16	0.11
BRTPG	0.80	-0.70	-0.70	-0.70
BTVPS	0.10	0.05	0.05	0.05
C6DPC	0.28	0.23	0.23	0.23
C6DPG	0.24	0.19	0.19	0.19
C6VPC	0.28	0.23	0.23	0.23
CCZ	0.16	0.11	0.11	0.11
CFC	1.29	0.59	0.49	0.39
CFU	1.29	0.59	0.49	0.39
CGVPG	0.28	0.23	0.23	0.23
CL1EL	5.66	3.16	2.91	2.66
CL1EL	5.66	3.16	2.91	2.66
CL1EL	4.66	2.66	2.41	2.16
CL1EL	3.66	1.91	1.66	1.41
CL1LL	5.70	3.20	2.95	2.70
CL1LL	5.70	3.20	2.95	2.70
CL1LL	4.70	2.70	2.45	2.20
CL1LL	3.70	1.95	1.70	1.45
CMM	42.10	10.10	10.10	10.10
CMM	116.19	86.19	86.19	86.19
CMQ	0.26	0.16	0.11	0.06
CMW	0.51	0.41	0.41	0.41
COA	1.43	0.63	0.53	0.43
COAPS	1.43	0.63	0.53	0.43

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
CP3	12.11	9.61	9.36	9.11
CP5	0.09	0.04	0.04	0.04
CP9	0.49	-0.01	-0.01	-0.01
CP9	0.49	-0.01	-0.01	-0.01
CP9	0.39	-0.01	-0.01	-0.01
CP9	0.29	-0.01	-0.01	-0.01
CP9PG	1.15	0.25	0.20	0.15
CP9PK	0.09	0.04	0.04	0.04
CP9PS	0.00	0.65	0.60	0.55
CP9PS	0.00	0.65	0.60	0.55
CP9PS	0.00	1.55	1.50	1.45
CP9SY	-1.00	0.15	0.10	0.05
CPVBB	-0.09	-0.09	-0.09	-0.09
CPVBL	5.50	5.25	5.00	4.75
CPVBL	5.50	5.25	5.00	4.75
CPVBL	8.00	7.75	7.50	7.25
CPVBL	210.50	208.25	206.00	203.75
CPVZL	10.50	10.25	10.00	9.75
CTQPC	0.08	0.03	0.03	0.03
CU8	0.08	0.03	0.03	0.03
CWJ	76.87	64.87	64.87	64.87
CXH	3.05	1.80	1.30	0.80
CXJPT	1.17	0.47	0.37	0.27
CXJPT	0.14	0.09	0.09	0.09
CXX	1.25	0.55	0.45	0.35
CXX	0.14	0.09	0.09	0.09
D7N	0.15	0.10	0.10	0.10
D7NPG	0.75	0.50	0.50	0.50
DE3AX	7.27	6.07	4.77	3.97
DE3AX	6.46	5.26	3.96	3.16
DE3AX	6.65	5.65	4.25	3.45
DE3AX	6.23	4.63	3.08	2.98
DE3BX	5.84	4.64	3.34	2.54
DE3BX	4.67	3.47	2.17	1.37
DE3BX	5.33	4.33	2.93	2.13
DE3BX	5.02	3.42	1.87	1.77
DE3CX	4.25	3.05	1.75	0.95
DE3CX	2.67	1.47	0.17	-0.63
DE3CX	3.87	2.87	1.47	0.67
DE3CX	3.68	2.08	0.53	0.43
DE3DX	2.64	1.44	0.14	-0.66
DE3DX	0.65	-0.55	-1.85	-2.65
DE3DX	2.39	1.39	-0.01	-0.81
DE3DX	2.32	0.72	-0.83	-0.93

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
DE3EX	-0.62	-1.82	-3.12	-3.92
DE3EX	-3.43	-4.63	-5.93	-6.73
DE3EX	-0.60	-1.60	-3.00	-3.80
DE3EX	-0.43	-2.03	-3.58	-3.68
DE3FX	-3.58	-4.78	-6.08	-6.88
DE3FX	-4.19	-5.39	-6.69	-7.49
DE3FX	-2.33	-3.33	-4.73	-5.53
DE3FX	-0.96	-2.56	-4.11	-4.21
DE3GX	-3.70	-4.90	-6.20	-7.00
DE3GX	-4.37	-5.57	-6.87	-7.67
DE3GX	-2.46	-3.46	-4.86	-5.66
DE3GX	-1.00	-2.60	-4.15	-4.25
DE3NX	3.80	2.60	1.30	0.50
DE3NX	4.37	3.17	1.87	1.07
DE3NX	3.59	2.59	1.19	0.39
DE3NX	3.61	2.01	0.46	0.36
DE9	5.38	4.38	4.13	4.03
DK8PG	0.35	0.15	0.15	0.15
DK8PK	0.09	0.04	0.04	0.04
DKX	1.20	1.10	1.10	1.10
DMA	0.08	0.03	0.03	0.03
DMAPG	0.20	0.05	0.05	0.05
DMAPG	0.30	0.10	0.10	0.10
DOB	10.99	4.99	3.99	2.99
DOE	0.14	0.09	0.04	-0.01
DOK	0.19	0.14	0.09	0.04
DOK	0.14	0.09	0.09	0.09
DOKPG	0.45	0.15	0.15	0.15
DOM	45.59	10.59	10.59	10.59
DR2	0.61	0.51	0.51	0.51
DRR	0.19	0.14	0.09	0.04
DTVAX	6.72	5.28	4.26	3.72
DTVAX	7.10	5.66	4.64	4.10
DTVAX	6.63	5.28	4.20	3.66
DTVAX	6.56	4.43	3.50	3.44
DTVBX	5.29	3.85	2.83	2.29
DTVBX	5.67	4.23	3.21	2.67
DTVBX	5.31	3.96	2.88	2.34
DTVBX	5.35	3.22	2.29	2.23
DTVCX	3.70	2.26	1.24	0.70
DTVCX	4.08	2.64	1.62	1.08
DTVCX	3.85	2.50	1.42	0.88
DTVCX	4.01	1.88	0.95	0.89
DTVDX	2.09	0.65	-0.37	-0.91

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
DTVDX	2.47	1.03	0.01	-0.53
DTVDX	2.37	1.02	-0.06	-0.60
DTVDX	2.65	0.52	-0.41	-0.47
DTVEX	-1.17	-2.61	-3.63	-4.17
DTVEX	-0.78	-2.22	-3.24	-3.78
DTVEX	-0.62	-1.97	-3.05	-3.59
DTVEX	-0.10	-2.23	-3.16	-3.22
DTVFX	-4.13	-5.57	-6.59	-7.13
DTVFX	-2.34	-3.78	-4.80	-5.34
DTVFX	-2.35	-3.70	-4.78	-5.32
DTVFX	-0.63	-2.76	-3.69	-3.75
DTVGX	-4.25	-5.69	-6.71	-7.25
DTVGX	-2.47	-3.91	-4.93	-5.47
DTVGX	-2.48	-3.83	-4.91	-5.45
DTVGX	-0.67	-2.80	-3.73	-3.79
DTVHX	1.00	-0.23	-0.74	-1.01
DTVHX	1.54	-0.44	-0.98	-1.13
DTVHX	1.53	-0.42	-0.72	-0.84
DTVHX	2.66	0.47	0.02	-0.04
DTVJX	0.88	-0.35	-0.86	-1.13
DTVJX	1.41	-0.57	-1.11	-1.26
DTVJX	1.40	-0.55	-0.85	-0.97
DTVJX	2.62	0.43	-0.02	-0.08
DTVKX	0.76	-0.47	-0.98	-1.25
DTVKX	1.28	-0.70	-1.24	-1.39
DTVKX	1.27	-0.68	-0.98	-1.10
DTVKX	2.58	0.39	-0.06	-0.12
DTVLX	0.63	-0.60	-1.11	-1.38
DTVLX	1.15	-0.83	-1.37	-1.52
DTVLX	1.14	-0.81	-1.11	-1.23
DTVLX	2.54	0.35	-0.10	-0.16
DTVMX	0.51	-0.72	-1.23	-1.50
DTVMX	1.02	-0.96	-1.50	-1.65
DTVMX	1.01	-0.94	-1.24	-1.36
DTVMX	2.50	0.31	-0.14	-0.20
DTVNX	3.25	1.81	0.79	0.25
DTVNX	3.82	2.38	1.36	0.82
DTVNX	3.57	2.22	1.14	0.60
DTVNX	3.94	1.81	0.88	0.82
DTVOX	0.88	-0.35	-0.86	-1.13
DTVOX	1.40	-0.58	-1.12	-1.27
DTVOX	1.39	-0.56	-0.86	-0.98
DTVOX	2.62	0.43	-0.02	-0.08
DXH	0.09	0.04	0.04	0.04

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
DXHPG	0.10	0.05	0.05	0.05
DXHPZ	0.44	0.34	0.34	0.34
DXV	2.36	1.66	1.56	1.46
DXVPC	2.46	1.66	1.56	1.46
DXVPG-UCD	2.36	1.66	1.56	1.46
DXVPL	0.24	0.19	0.19	0.19
DYHPG	0.30	0.10	0.10	0.10
DYHPK	0.10	0.05	0.05	0.05
E3D	0.08	0.03	0.03	0.03
E3DPG	0.15	0.05	0.05	0.05
E3HAL	0.25	0.15	0.10	0.05
E3HPG	0.15	0.05	0.05	0.05
E3N	0.07	0.02	0.02	0.02
E3N	0.07	0.02	0.02	0.02
E3N	0.07	0.02	0.02	0.02
E3N	0.07	0.02	0.02	0.02
E3P++	0.49	-0.01	-0.01	-0.01
E3P++	0.49	-0.01	-0.01	-0.01
E3P++	-0.01	-0.01	-0.01	-0.01
E3P++	0.29	-0.01	-0.01	-0.01
E3PPG	0.95	0.15	0.10	0.05
E3PPG	1.15	0.25	0.20	0.15
E3PPS	-0.70	0.40	0.35	0.30
E3PPS	-0.70	0.40	0.35	0.30
E3PPS	-2.10	0.95	0.90	0.85
E3PPS	0.00	0.65	0.60	0.55
E3PPS	0.00	0.65	0.60	0.55
E3PPS	0.40	1.55	1.50	1.45
E3PSY	-5.00	0.50	0.40	0.30
E3PSY	-1.00	0.15	0.10	0.05
E3Z	0.08	0.03	0.03	0.03
E3ZAL	0.10	0.05	0.05	0.05
E4OPG	0.25	0.15	0.10	0.05
E4UAX	7.26	6.06	4.76	3.96
E4UAX	7.65	6.45	5.15	4.35
E4UAX	6.64	5.64	4.24	3.44
E4UAX	6.23	4.63	3.08	2.98
E4UBX	5.84	4.64	3.34	2.54
E4UBX	6.22	5.02	3.72	2.92
E4UBX	5.33	4.33	2.93	2.13
E4UBX	5.02	3.42	1.87	1.77
E4UCX	4.25	3.05	1.75	0.95
E4UCX	4.63	3.43	2.13	1.33
E4UCX	3.87	2.87	1.47	0.67

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
E4UCX	3.68	2.08	0.53	0.43
E4UDX	2.64	1.44	0.14	-0.66
E4UDX	3.02	1.82	0.52	-0.28
E4UDX	2.39	1.39	-0.01	-0.81
E4UDX	2.32	0.72	-0.83	-0.93
E4UEX	-0.62	-1.82	-3.12	-3.92
E4UEX	-0.23	-1.43	-2.73	-3.53
E4UEX	-0.60	-1.60	-3.00	-3.80
E4UEX	-0.43	-2.03	-3.58	-3.68
E4UFX	-3.58	-4.78	-6.08	-6.88
E4UFX	-1.79	-2.99	-4.29	-5.09
E4UFX	-2.33	-3.33	-4.73	-5.53
E4UFX	-0.96	-2.56	-4.11	-4.21
E4UGX	-3.70	-4.90	-6.20	-7.00
E4UGX	-1.92	-3.12	-4.42	-5.22
E4UGX	-2.46	-3.46	-4.86	-5.66
E4UGX	-1.00	-2.60	-4.15	-4.25
E4UHX	5.13	4.28	3.83	3.48
E4UHX	4.85	2.75	2.25	2.10
E4UHX	4.31	2.31	2.21	2.11
E4UHX	4.57	2.87	2.12	2.02
E4UJX	5.01	4.16	3.71	3.36
E4UJX	4.72	2.62	2.12	1.97
E4UJX	4.18	2.18	2.08	1.98
E4UJX	4.53	2.83	2.08	1.98
E4UKX	4.89	4.04	3.59	3.24
E4UKX	4.59	2.49	1.99	1.84
E4UKX	4.05	2.05	1.95	1.85
E4UKX	4.49	2.79	2.04	1.94
E4ULX	4.76	3.91	3.46	3.11
E4ULX	4.46	2.36	1.86	1.71
E4ULX	3.92	1.92	1.82	1.72
E4ULX	4.45	2.75	2.00	1.90
E4UMX	4.64	3.79	3.34	2.99
E4UMX	4.33	2.23	1.73	1.58
E4UMX	3.79	1.79	1.69	1.59
E4UMX	4.41	2.71	1.96	1.86
E4UNX	3.80	2.60	1.30	0.50
E4UNX	4.37	3.17	1.87	1.07
E4UNX	3.59	2.59	1.19	0.39
E4UNX	3.61	2.01	0.46	0.36
E4UOX	5.01	4.16	3.71	3.36
E4UOX	4.71	2.61	2.11	1.96
E4UOX	4.17	2.17	2.07	1.97

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
E4UOX	4.53	2.83	2.08	1.98
E6APG	0.95	0.15	0.10	0.05
E6C	0.09	0.04	0.04	0.04
E6C	0.09	0.04	0.04	0.04
E6CPG	0.30	0.15	0.10	0.05
E6CPG	0.34	0.14	0.14	0.14
E6D	0.06	0.01	0.01	0.01
E6D	0.09	0.04	0.04	0.04
E6DPG	0.15	0.05	0.05	0.05
E6DPG	0.35	0.15	0.15	0.15
E6G++	0.47	-0.03	-0.03	-0.03
E6G++	0.47	-0.03	-0.03	-0.03
E6G++	0.37	-0.03	-0.03	-0.03
E6G++	0.27	-0.03	-0.03	-0.03
E6GPG	1.05	0.15	0.10	0.05
E6GPG	1.13	0.38	0.33	0.28
E6GPS	-0.90	0.50	0.45	0.40
E6GPS	-0.90	0.50	0.45	0.40
E6GPS	-2.70	1.20	1.15	1.10
E6GPS	0.00	5.80	5.70	5.60
E6GPS	0.00	5.80	5.70	5.60
E6GPS	0.00	20.50	20.00	19.75
E6GSY	-3.00	0.25	0.20	0.15
E6GSY	-3.00	3.50	3.40	3.30
E72	0.10	0.05	0.05	0.05
E72PG	0.40	0.15	0.15	0.15
E9A++	1.42	0.57	0.52	0.47
E9A++	1.42	0.57	0.52	0.47
E9A++	1.32	0.52	0.47	0.42
E9A++	1.22	0.47	0.42	0.37
E9APG	1.25	0.30	0.20	0.10
E9APG	4.22	1.82	1.77	1.72
E9G++	0.48	-0.02	-0.02	-0.02
E9G++	0.48	-0.02	-0.02	-0.02
E9G++	0.38	-0.02	-0.02	-0.02
E9G++	0.28	-0.02	-0.02	-0.02
E9GPG	0.30	0.15	0.10	0.05
E9GPG	1.10	0.40	0.35	0.30
E9GPS	0.00	6.70	6.60	6.50
E9GPS	0.00	6.70	6.60	6.50
E9GPS	0.00	24.00	23.50	23.00
E9GSY	-2.72	4.88	4.78	4.68
EAA	36.35	11.35	11.35	11.35
EAB++	0.48	-0.02	-0.02	-0.02

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EAB++	0.48	-0.02	-0.02	-0.02
EAB++	0.38	-0.02	-0.02	-0.02
EAB++	0.28	-0.02	-0.02	-0.02
EABPG	0.40	0.15	0.10	0.05
EABPG	1.11	0.26	0.21	0.16
EABPS	0.00	2.80	2.75	2.70
EABPS	0.00	2.80	2.75	2.70
EABPS	0.00	7.80	7.70	7.60
EABSY	-1.72	2.63	2.58	2.48
EACDT	0.08	0.03	0.03	0.03
EAO	0.08	0.03	0.03	0.03
EAP	1.09	0.49	0.39	0.29
EARAX	14.18	11.78	10.08	9.18
EARAX	14.57	12.17	10.47	9.57
EARAX	13.68	11.43	9.63	8.73
EARAX	13.60	10.05	8.50	8.40
EARAX	7.27	6.07	4.77	3.97
EARAX	7.65	6.45	5.15	4.35
EARAX	6.65	5.65	4.25	3.45
EARAX	6.23	4.63	3.08	2.98
EARBX	12.74	10.34	8.64	7.74
EARBX	13.13	10.73	9.03	8.13
EARBX	12.36	10.11	8.31	7.41
EARBX	12.39	8.84	7.29	7.19
EARBX	5.84	4.64	3.34	2.54
EARBX	6.22	5.02	3.72	2.92
EARBX	5.33	4.33	2.93	2.13
EARBX	5.02	3.42	1.87	1.77
EARCX	11.16	8.76	7.06	6.16
EARCX	11.55	9.15	7.45	6.55
EARCX	10.91	8.66	6.86	5.96
EARCX	11.05	7.50	5.95	5.85
EARCX	4.25	3.05	1.75	0.95
EARCX	4.63	3.43	2.13	1.33
EARCX	3.87	2.87	1.47	0.67
EARCX	3.68	2.08	0.53	0.43
EARDX	9.54	7.14	5.44	4.54
EARDX	9.93	7.53	5.83	4.93
EARDX	9.42	7.17	5.37	4.47
EARDX	9.68	6.13	4.58	4.48
EARDX	2.64	1.44	0.14	-0.66
EARDX	3.02	1.82	0.52	-0.28
EARDX	2.39	1.39	-0.01	-0.81
EARDX	2.32	0.72	-0.83	-0.93

State: Florida
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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EAREX	6.29	3.89	2.19	1.29
EAREX	6.68	4.28	2.58	1.68
EAREX	6.43	4.18	2.38	1.48
EAREX	6.93	3.38	1.83	1.73
EAREX	-0.62	-1.82	-3.12	-3.92
EAREX	-0.23	-1.43	-2.73	-3.53
EAREX	-0.60	-1.60	-3.00	-3.80
EAREX	-0.43	-2.03	-3.58	-3.68
EARFX	-0.99	-3.39	-5.09	-5.99
EARFX	3.42	1.02	-0.68	-1.58
EARFX	3.43	1.18	-0.62	-1.52
EARFX	4.17	0.62	-0.93	-1.03
EARFX	-3.58	-4.78	-6.08	-6.88
EARFX	-1.79	-2.99	-4.29	-5.09
EARFX	-2.33	-3.33	-4.73	-5.53
EARFX	-0.96	-2.56	-4.11	-4.21
EARGX	-1.11	-3.51	-5.21	-6.11
EARGX	2.38	-0.02	-1.72	-2.62
EARGX	1.96	-0.29	-2.09	-2.99
EARGX	3.71	0.16	-1.39	-1.49
EARGX	-3.70	-4.90	-6.20	-7.00
EARGX	-1.92	-3.12	-4.42	-5.22
EARGX	-2.46	-3.46	-4.86	-5.66
EARGX	-1.00	-2.60	-4.15	-4.25
EARHX	7.72	5.67	4.82	4.37
EARHX	9.15	5.85	4.95	4.70
EARHX	8.73	5.48	4.98	4.78
EARHX	9.27	5.62	4.87	4.77
EARHX	5.13	4.28	3.83	3.48
EARHX	4.85	2.75	2.25	2.10
EARHX	4.31	2.31	2.21	2.11
EARHX	4.57	2.87	2.12	2.02
EARJX	7.60	5.55	4.70	4.25
EARJX	9.02	5.72	4.82	4.57
EARJX	8.60	5.35	4.85	4.65
EARJX	9.23	5.58	4.83	4.73
EARJX	5.01	4.16	3.71	3.36
EARJX	4.72	2.62	2.12	1.97
EARJX	4.18	2.18	2.08	1.98
EARJX	4.53	2.83	2.08	1.98
EARKX	7.47	5.42	4.57	4.12
EARKX	8.89	5.59	4.69	4.44
EARKX	8.47	5.22	4.72	4.52
EARKX	9.19	5.54	4.79	4.69

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EARKX	4.89	4.04	3.59	3.24
EARKX	4.59	2.49	1.99	1.84
EARKX	4.05	2.05	1.95	1.85
EARKX	4.49	2.79	2.04	1.94
EARLX	7.35	5.30	4.45	4.00
EARLX	8.76	5.46	4.56	4.31
EARLX	8.34	5.09	4.59	4.39
EARLX	9.16	5.51	4.76	4.66
EARLX	4.76	3.91	3.46	3.11
EARLX	4.46	2.36	1.86	1.71
EARLX	3.92	1.92	1.82	1.72
EARLX	4.45	2.75	2.00	1.90
EARMX	7.23	5.18	4.33	3.88
EARMX	8.63	5.33	4.43	4.18
EARMX	8.21	4.96	4.46	4.26
EARMX	9.12	5.47	4.72	4.62
EARMX	4.64	3.79	3.34	2.99
EARMX	4.33	2.23	1.73	1.58
EARMX	3.79	1.79	1.69	1.59
EARMX	4.41	2.71	1.96	1.86
EARNX	10.09	7.69	5.99	5.09
EARNX	10.96	8.56	6.86	5.96
EARNX	10.31	8.06	6.26	5.36
EARNX	10.58	7.03	5.48	5.38
EARNX	3.80	2.60	1.30	0.50
EARNX	4.37	3.17	1.87	1.07
EARNX	3.59	2.59	1.19	0.39
EARNX	3.61	2.01	0.46	0.36
EAROX	7.59	5.54	4.69	4.24
EAROX	9.01	5.71	4.81	4.56
EAROX	8.60	5.35	4.85	4.65
EAROX	9.22	5.57	4.82	4.72
EAROX	5.01	4.16	3.71	3.36
EAROX	4.71	2.61	2.11	1.96
EAROX	4.17	2.17	2.07	1.97
EAROX	4.53	2.83	2.08	1.98
EAS	0.92	0.42	0.32	0.22
EAT++	0.49	-0.01	-0.01	-0.01
EAT++	0.49	-0.01	-0.01	-0.01
EAT++	0.39	-0.01	-0.01	-0.01
EAT++	0.29	-0.01	-0.01	-0.01
EATPG	0.35	0.15	0.10	0.05
EATPG	1.15	0.35	0.30	0.25
EATPS	0.00	1.10	1.05	1.00

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EATPS	0.00	1.10	1.05	1.00
EATPS	0.00	4.00	3.95	3.90
EATSY	-1.00	1.20	1.15	1.10
EAY	26.86	6.86	6.86	6.86
EBBAX	7.67	6.22	4.92	4.02
EBBAX	8.05	6.60	5.30	4.40
EBBAX	6.90	5.80	4.40	3.50
EBBAX	6.48	4.78	3.18	3.08
EBBBX	6.24	4.79	3.49	2.59
EBBBX	6.62	5.17	3.87	2.97
EBBBX	5.58	4.48	3.08	2.18
EBBBX	5.27	3.57	1.97	1.87
EBBCX	4.65	3.20	1.90	1.00
EBBCX	5.03	3.58	2.28	1.38
EBBCX	4.12	3.02	1.62	0.72
EBBCX	3.93	2.23	0.63	0.53
EBBDX	3.04	1.59	0.29	-0.61
EBBDX	3.42	1.97	0.67	-0.23
EBBDX	2.64	1.54	0.14	-0.76
EBBDX	2.57	0.87	-0.73	-0.83
EBBEX	-0.22	-1.67	-2.97	-3.87
EBBEX	0.17	-1.28	-2.58	-3.48
EBBEX	-0.35	-1.45	-2.85	-3.75
EBBEX	-0.18	-1.88	-3.48	-3.58
EBBFX	-3.18	-4.63	-5.93	-6.83
EBBFX	-1.39	-2.84	-4.14	-5.04
EBBFX	-2.08	-3.18	-4.58	-5.48
EBBFX	-0.71	-2.41	-4.01	-4.11
EBBGX	-3.30	-4.75	-6.05	-6.95
EBBGX	-1.52	-2.97	-4.27	-5.17
EBBGX	-2.21	-3.31	-4.71	-5.61
EBBGX	-0.75	-2.45	-4.05	-4.15
EBBHX	5.48	4.43	3.93	3.53
EBBHX	5.10	2.85	2.60	2.35
EBBHX	4.66	2.66	2.41	2.16
EBBHX	4.72	2.97	2.22	1.97
EBBJX	5.36	4.31	3.81	3.41
EBBJX	4.97	2.72	2.47	2.22
EBBJX	4.53	2.53	2.28	2.03
EBBJX	4.68	2.93	2.18	1.93
EBBKX	5.24	4.19	3.69	3.29
EBBKX	4.84	2.59	2.34	2.09
EBBKX	4.40	2.40	2.15	1.90
EBBKX	4.64	2.89	2.14	1.89

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EBBLX	5.11	4.06	3.56	3.16
EBBLX	4.71	2.46	2.21	1.96
EBBLX	4.27	2.27	2.02	1.77
EBBLX	4.60	2.85	2.10	1.85
EBBMX	4.99	3.94	3.44	3.04
EBBMX	4.58	2.33	2.08	1.83
EBBMX	4.14	2.14	1.89	1.64
EBBMX	4.56	2.81	2.06	1.81
EBBNX	4.20	2.75	1.45	0.55
EBBNX	4.77	3.32	2.02	1.12
EBBNX	3.84	2.74	1.34	0.44
EBBNX	3.86	2.16	0.56	0.46
EBBOX	5.36	4.31	3.81	3.41
EBBOX	4.96	2.71	2.46	2.21
EBBOX	4.52	2.52	2.27	2.02
EBBOX	4.68	2.93	2.18	1.93
EBE	0.47	-0.03	-0.03	-0.03
EBE	0.47	-0.03	-0.03	-0.03
EBE	0.37	-0.03	-0.03	-0.03
EBE	0.27	-0.03	-0.03	-0.03
EBEPG	0.85	0.45	0.45	0.45
EBEPS	0.00	2.80	2.75	2.70
EBEPS	0.00	2.80	2.75	2.70
EBEPS	0.00	7.80	7.70	7.60
EBEPS	-3.00	1.35	1.30	1.20
EBS	0.22	0.17	0.12	0.07
EBTAX	7.68	6.23	4.93	4.03
EBTAX	8.06	6.61	5.31	4.41
EBTAX	6.91	5.81	4.41	3.51
EBTAX	6.49	4.79	3.19	3.09
EBTBX	6.25	4.80	3.50	2.60
EBTBX	6.63	5.18	3.88	2.98
EBTBX	5.59	4.49	3.09	2.19
EBTBX	5.28	3.58	1.98	1.88
EBTCX	4.66	3.21	1.91	1.01
EBTCX	5.04	3.59	2.29	1.39
EBTCX	4.13	3.03	1.63	0.73
EBTCX	3.94	2.24	0.64	0.54
EBTDX	3.05	1.60	0.30	-0.60
EBTDX	3.43	1.98	0.68	-0.22
EBTDX	2.65	1.55	0.15	-0.75
EBTDX	2.58	0.88	-0.72	-0.82
EBTEX	-0.21	-1.66	-2.96	-3.86
EBTEX	0.18	-1.27	-2.57	-3.47

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EBTEX	-0.34	-1.44	-2.84	-3.74
EBTEX	-0.17	-1.87	-3.47	-3.57
EBTFX	-3.17	-4.62	-5.92	-6.82
EBTFX	-1.38	-2.83	-4.13	-5.03
EBTFX	-2.07	-3.17	-4.57	-5.47
EBTFX	-0.70	-2.40	-4.00	-4.10
EBTGX	-3.29	-4.74	-6.04	-6.94
EBTGX	-1.51	-2.96	-4.26	-5.16
EBTGX	-2.20	-3.30	-4.70	-5.60
EBTGX	-0.74	-2.44	-4.04	-4.14
EBTHX	5.49	4.44	3.94	3.54
EBTHX	5.11	2.86	2.61	2.36
EBTHX	4.67	2.67	2.42	2.17
EBTHX	4.73	2.98	2.23	1.98
EBTJX	5.37	4.32	3.82	3.42
EBTJX	4.98	2.73	2.48	2.23
EBTJX	4.54	2.54	2.29	2.04
EBTJX	4.69	2.94	2.19	1.94
EBTKX	5.25	4.20	3.70	3.30
EBTKX	4.85	2.60	2.35	2.10
EBTKX	4.41	2.41	2.16	1.91
EBTKX	4.65	2.90	2.15	1.90
EBTLX	5.12	4.07	3.57	3.17
EBTLX	4.72	2.47	2.22	1.97
EBTLX	4.28	2.28	2.03	1.78
EBTLX	4.61	2.86	2.11	1.86
EBTMX	5.00	3.95	3.45	3.05
EBTMX	4.59	2.34	2.09	1.84
EBTMX	4.15	2.15	1.90	1.65
EBTMX	4.57	2.82	2.07	1.82
EBTNX	4.21	2.76	1.46	0.56
EBTNX	4.78	3.33	2.03	1.13
EBTNX	3.85	2.75	1.35	0.45
EBTNX	3.87	2.17	0.57	0.47
EBTOX	5.37	4.32	3.82	3.42
EBTOX	4.97	2.72	2.47	2.22
EBTOX	4.53	2.53	2.28	2.03
EBTOX	4.69	2.94	2.19	1.94
ECM	1.23	0.53	0.33	0.23
EDA+X	7.58	3.08	2.58	2.08
EDH	0.23	0.18	0.18	0.18
EDM	9.51	-5.49	-5.49	-5.49
EDMPG	70.13	60.13	60.13	60.13
EDS	0.67	0.57	0.57	0.57

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EDSVC	0.82	0.32	0.27	0.22
EDSVS	0.17	0.12	0.12	0.12
EDSVT	0.48	0.38	0.38	0.38
EDW	147.00	62.00	42.00	35.00
EEOPS	3.84	3.24	3.19	3.14
EEP++	0.49	-0.01	-0.01	-0.01
EEP++	0.49	-0.01	-0.01	-0.01
EEP++	0.39	-0.01	-0.01	-0.01
EEP++	0.29	-0.01	-0.01	-0.01
EEPPS-	-1.98	3.82	3.72	3.62
EEPPS-	-1.98	3.82	3.72	3.62
EEPPS-	-9.36	11.14	10.64	10.39
EEPPS-	-3.00	3.50	3.40	3.30
EES	338.67	253.67	253.67	253.67
EF2	0.50	0.20	0.15	0.10
EF2PK	0.55	0.25	0.20	0.15
EF3	0.50	0.20	0.15	0.10
EF3PK	0.55	0.25	0.20	0.15
EFGAX	7.27	6.07	4.77	3.97
EFGAX	7.65	6.45	5.15	4.35
EFGAX	6.65	5.65	4.25	3.45
EFGAX	6.23	4.63	3.08	2.98
EFGBX	5.84	4.64	3.34	2.54
EFGBX	6.22	5.02	3.72	2.92
EFGBX	5.33	4.33	2.93	2.13
EFGBX	5.02	3.42	1.87	1.77
EFGCX	4.25	3.05	1.75	0.95
EFGCX	4.63	3.43	2.13	1.33
EFGCX	3.87	2.87	1.47	0.67
EFGCX	3.68	2.08	0.53	0.43
EFGDX	2.64	1.44	0.14	-0.66
EFGDX	3.02	1.82	0.52	-0.28
EFGDX	2.39	1.39	-0.01	-0.81
EFGDX	2.32	0.72	-0.83	-0.93
EFGEX	-0.62	-1.82	-3.12	-3.92
EFGEX	-0.23	-1.43	-2.73	-3.53
EFGEX	-0.60	-1.60	-3.00	-3.80
EFGEX	-0.43	-2.03	-3.58	-3.68
EFGFX	-3.58	-4.78	-6.08	-6.88
EFGFX	-1.79	-2.99	-4.29	-5.09
EFGFX	-2.33	-3.33	-4.73	-5.53
EFGFX	-0.96	-2.56	-4.11	-4.21
EFGGX	-3.70	-4.90	-6.20	-7.00
EFGGX	-1.92	-3.12	-4.42	-5.22

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EFGGX	-2.46	-3.46	-4.86	-5.66
EFGGX	-1.00	-2.60	-4.15	-4.25
EFGNX	3.80	2.60	1.30	0.50
EFGNX	4.37	3.17	1.87	1.07
EFGNX	3.59	2.59	1.19	0.39
EFGNX	3.61	2.01	0.46	0.36
EFWAX	7.27	6.07	4.77	3.97
EFWAX	7.65	6.45	5.15	4.35
EFWAX	6.65	5.65	4.25	3.45
EFWAX	6.23	4.63	3.08	2.98
EFWBX	5.84	4.64	3.34	2.54
EFWBX	6.22	5.02	3.72	2.92
EFWBX	5.33	4.33	2.93	2.13
EFWBX	5.02	3.42	1.87	1.77
EFWCX	4.25	3.05	1.75	0.95
EFWCX	4.63	3.43	2.13	1.33
EFWCX	3.87	2.87	1.47	0.67
EFWCX	3.68	2.08	0.53	0.43
EFWDX	2.64	1.44	0.14	-0.66
EFWDX	3.02	1.82	0.52	-0.28
EFWDX	2.39	1.39	-0.01	-0.81
EFWDX	2.32	0.72	-0.83	-0.93
EFWEX	-0.62	-1.82	-3.12	-3.92
EFWEX	-0.23	-1.43	-2.73	-3.53
EFWEX	-0.60	-1.60	-3.00	-3.80
EFWEX	-0.43	-2.03	-3.58	-3.68
EFWFX	-3.58	-4.78	-6.08	-6.88
EFWFX	-1.79	-2.99	-4.29	-5.09
EFWFX	-2.33	-3.33	-4.73	-5.53
EFWFX	-0.96	-2.56	-4.11	-4.21
EFWGX	-3.70	-4.90	-6.20	-7.00
EFWGX	-1.92	-3.12	-4.42	-5.22
EFWGX	-2.46	-3.46	-4.86	-5.66
EFWGX	-1.00	-2.60	-4.15	-4.25
EFWHX	5.13	4.28	3.83	3.48
EFWHX	4.85	2.75	2.25	2.10
EFWHX	4.31	2.31	2.21	2.11
EFWHX	4.57	2.87	2.12	2.02
EFWJX	5.01	4.16	3.71	3.36
EFWJX	4.72	2.62	2.12	1.97
EFWJX	4.18	2.18	2.08	1.98
EFWJX	4.53	2.83	2.08	1.98
EFWKX	4.89	4.04	3.59	3.24
EFWKX	4.59	2.49	1.99	1.84

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EFWKX	4.05	2.05	1.95	1.85
EFWKX	4.49	2.79	2.04	1.94
EFWLX	4.76	3.91	3.46	3.11
EFWLX	4.46	2.36	1.86	1.71
EFWLX	3.92	1.92	1.82	1.72
EFWLX	4.45	2.75	2.00	1.90
EFWMX	4.64	3.79	3.34	2.99
EFWMX	4.33	2.23	1.73	1.58
EFWMX	3.79	1.79	1.69	1.59
EFWMX	4.41	2.71	1.96	1.86
EFWNX	3.80	2.60	1.30	0.50
EFWNX	4.37	3.17	1.87	1.07
EFWNX	3.59	2.59	1.19	0.39
EFWNX	3.61	2.01	0.46	0.36
EFWOX	5.01	4.16	3.71	3.36
EFWOX	4.71	2.61	2.11	1.96
EFWOX	4.17	2.17	2.07	1.97
EFWOX	4.53	2.83	2.08	1.98
EG2	10.99	4.99	3.99	2.99
EGA	10.99	4.99	3.99	2.99
EGJ	6.99	6.19	6.09	5.99
EGP++	0.49	-0.01	-0.01	-0.01
EGP++	0.49	-0.01	-0.01	-0.01
EGP++	0.39	-0.01	-0.01	-0.01
EGP++	0.29	-0.01	-0.01	-0.01
EGPPS-	-1.32	5.38	5.28	5.18
EGPPS-	-1.32	5.38	5.28	5.18
EGPPS-	-6.24	17.76	17.26	16.76
EGPSY-	-2.00	5.60	5.50	5.40
EGT	10.99	4.99	3.99	2.99
EGZ	0.45	-0.05	-0.05	-0.05
EGZ	0.45	-0.05	-0.05	-0.05
EGZ	0.49	-0.01	-0.01	-0.01
EGZ	0.49	-0.01	-0.01	-0.01
EGZ	0.39	-0.01	-0.01	-0.01
EGZ	0.29	-0.01	-0.01	-0.01
EGZPG	1.15	0.15	0.15	0.15
EGZPS	-0.80	0.45	0.40	0.35
EGZPS	-0.80	0.45	0.40	0.35
EGZPS	0.00	1.35	1.30	1.25
EGZPS	0.00	1.35	1.30	1.25
EGZPS	0.00	3.65	3.60	3.55
EGZSY	-1.00	1.20	1.15	1.10
EH6	0.10	0.05	0.05	0.05

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EH8	0.06	0.01	0.01	0.01
EH9	0.06	0.01	0.01	0.01
EHE	5.34	2.34	1.84	1.34
EHF	4.61	2.11	1.61	1.11
EHG	0.09	0.04	0.04	0.04
EHH	14.57	3.57	3.57	3.57
EHJ	0.09	0.04	0.04	0.04
EHK	4.63	2.13	1.63	1.13
EHL	0.33	0.28	0.18	0.08
EHM	0.08	0.03	0.03	0.03
EHP	27.67	7.67	7.67	7.67
EHP-CCSR	27.67	7.67	7.67	7.67
EHQ	13.77	3.77	3.77	3.77
EHQ-CCSR	13.77	3.77	3.77	3.77
EJ3	0.09	0.04	0.04	0.04
EJ3PG	0.34	0.19	0.19	0.19
EJ6	0.09	0.04	0.04	0.04
EJ6PG	0.34	0.14	0.14	0.14
EJ9	13.45	10.45	10.20	9.70
EK6	0.35	-0.05	-0.05	-0.05
EK6	0.25	-0.05	-0.05	-0.05
EK6PS	-2.40	1.10	1.05	1.00
EK6SY	-5.00	0.50	0.40	0.30
EKG	13.45	10.45	10.20	9.70
EKH	13.45	10.45	10.20	9.70
ELXO1	-1.06	0.34	0.29	0.24
ELXO1	-1.06	0.34	0.29	0.24
ELXO1	-1.06	0.29	0.24	0.19
ELXO1	-1.06	0.24	0.19	0.14
ELXO2	-1.08	0.37	0.32	0.27
ELXO2	-1.08	0.37	0.32	0.27
ELXO2	-1.08	0.32	0.27	0.22
ELXO2	-1.08	0.27	0.22	0.17
ELXO3	-1.14	0.36	0.31	0.26
ELXO3	-1.14	0.36	0.31	0.26
ELXO3	-1.14	0.31	0.26	0.21
ELXO3	-1.14	0.26	0.21	0.16
ELXO4	-1.15	0.40	0.35	0.30
ELXO4	-1.15	0.40	0.35	0.30
ELXO4	-1.15	0.35	0.30	0.25
ELXO4	-1.15	0.30	0.25	0.20
ELXO5	-1.17	0.63	0.58	0.53
ELXO5	-1.17	0.63	0.58	0.53
ELXO5	-1.17	0.58	0.53	0.48

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
ELXO5	-1.17	0.53	0.48	0.43
ELXO6	-1.18	0.87	0.82	0.77
ELXO6	-1.18	0.87	0.82	0.77
ELXO6	-1.18	0.82	0.77	0.72
ELXO6	-1.18	0.77	0.72	0.67
ELXO7	-1.23	1.07	1.02	0.97
ELXO7	-1.23	1.07	1.02	0.97
ELXO7	-1.23	1.02	0.97	0.92
ELXO7	-1.23	0.97	0.92	0.87
ELXO8	-1.28	1.32	1.27	1.22
ELXO8	-1.28	1.32	1.27	1.22
ELXO8	-1.28	1.27	1.22	1.17
ELXO8	-1.28	1.22	1.17	1.12
ENSPC	0.36	0.31	0.31	0.31
EOE	0.40	0.20	0.15	0.10
EOG	3.12	2.32	2.22	2.12
EOK	3.27	2.82	2.77	2.72
EOM	15.29	4.29	4.29	4.29
EOM	10.01	7.76	7.26	7.01
EOV	3.27	2.82	2.77	2.72
EQ6	-14.95	-18.45	-18.95	-19.45
EQV	2.24	1.89	1.84	1.79
ERS++	0.15	0.10	0.10	0.10
ERU	0.24	0.19	0.14	0.09
ERV	0.24	0.19	0.14	0.09
ESJ	15.29	4.29	4.29	4.29
ESJ	16.87	12.37	11.87	11.37
ESMPC	0.10	0.05	0.05	0.05
ESQ	14.67	3.67	3.67	3.67
ESQ	13.74	9.24	8.74	8.24
ESS	0.30	0.20	0.15	0.10
ESS	0.30	0.20	0.15	0.10
ESS	0.36	0.21	0.16	0.11
ESS	1.19	0.49	0.39	0.29
ESV	14.67	3.67	3.67	3.67
ESV	13.75	9.25	8.75	8.25
ESX++	0.50	0.00	0.00	0.00
ESX++	0.50	0.00	0.00	0.00
ESX++	0.40	0.00	0.00	0.00
ESX++	0.30	0.00	0.00	0.00
ESXPG	0.70	0.15	0.10	0.05
ESXPG	1.20	0.35	0.30	0.25
ESXPK	0.10	0.05	0.05	0.05
ESXPS	-0.60	0.35	0.30	0.25

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
ESXPS	-0.60	0.35	0.30	0.25
ESXPS	-1.98	0.92	0.87	0.82
ESXPS	0.00	1.25	1.20	1.15
ESXPS	0.00	1.25	1.20	1.15
ESXPS	0.00	2.65	2.60	2.55
ESXSY	-10.00	1.00	0.75	0.50
ESXSY	-6.00	-1.65	-1.70	-1.80
ESZ++	0.49	-0.01	-0.01	-0.01
ESZ++	0.49	-0.01	-0.01	-0.01
ESZ++	0.39	-0.01	-0.01	-0.01
ESZ++	0.29	-0.01	-0.01	-0.01
ESZDN	0.00	0.00	0.00	0.00
ESZPG	0.75	0.25	0.15	0.05
ESZPG	1.15	0.30	0.25	0.20
ESZPS	0.00	3.50	3.45	3.40
ESZPS	0.00	3.50	3.45	3.40
ESZPS	0.00	4.50	4.40	4.30
ESZSY	-1.00	3.35	3.30	3.20
ETA	0.07	0.02	0.02	0.02
ETA	2.66	2.36	2.31	2.26
ETB	0.10	0.05	0.05	0.05
ETB	0.06	0.01	0.01	0.01
ETM	21.31	6.31	6.31	6.31
ETX	13.62	3.62	3.62	3.62
ETX	13.45	10.45	10.20	9.70
EV1	0.50	0.20	0.15	0.10
EV1PK	0.55	0.25	0.20	0.15
EV3PS	-0.03	-0.08	-0.08	-0.08
EV6	26.53	19.03	19.03	19.03
EV7	0.50	0.20	0.15	0.10
EV7PK	0.55	0.25	0.20	0.15
EVV	25.95	18.45	18.45	18.45
EVW	32.78	7.78	7.78	7.78
EWA	26.01	7.01	7.01	7.01
EWA	11.81	8.31	7.81	7.31
EWB	26.01	7.01	7.01	7.01
EWB	16.03	12.53	12.03	11.53
EWJ	16.04	6.04	6.04	6.04
EWK	0.29	0.24	0.24	0.24
EWKPS	6.68	3.93	2.23	1.13
EWM	0.54	0.24	0.19	0.14
EWP	0.54	0.24	0.19	0.14
EWQ	45.68	35.68	35.68	35.68
EWY	1.78	0.68	0.58	0.48

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EXMAX	7.27	6.07	4.77	3.97
EXMAX	7.65	6.45	5.15	4.35
EXMAX	6.65	5.65	4.25	3.45
EXMAX	6.23	4.63	3.08	2.98
EXMBX	5.84	4.64	3.34	2.54
EXMBX	6.22	5.02	3.72	2.92
EXMBX	5.33	4.33	2.93	2.13
EXMBX	5.02	3.42	1.87	1.77
EXMCX	4.25	3.05	1.75	0.95
EXMCX	4.63	3.43	2.13	1.33
EXMCX	3.87	2.87	1.47	0.67
EXMCX	3.68	2.08	0.53	0.43
EXMDX	2.64	1.44	0.14	-0.66
EXMDX	3.02	1.82	0.52	-0.28
EXMDX	2.39	1.39	-0.01	-0.81
EXMDX	2.32	0.72	-0.83	-0.93
EXMEX	-0.62	-1.82	-3.12	-3.92
EXMEX	-0.23	-1.43	-2.73	-3.53
EXMEX	-0.60	-1.60	-3.00	-3.80
EXMEX	-0.43	-2.03	-3.58	-3.68
EXMFX	-3.58	-4.78	-6.08	-6.88
EXMFX	-1.79	-2.99	-4.29	-5.09
EXMFX	-2.33	-3.33	-4.73	-5.53
EXMFX	-0.96	-2.56	-4.11	-4.21
EXMGX	-3.70	-4.90	-6.20	-7.00
EXMGX	-1.92	-3.12	-4.42	-5.22
EXMGX	-2.46	-3.46	-4.86	-5.66
EXMGX	-1.00	-2.60	-4.15	-4.25
EXMHX	5.13	4.28	3.83	3.48
EXMHX	4.85	2.75	2.25	2.10
EXMHX	4.31	2.31	2.21	2.11
EXMHX	4.57	2.87	2.12	2.02
EXMJX	5.01	4.16	3.71	3.36
EXMJX	4.72	2.62	2.12	1.97
EXMJX	4.18	2.18	2.08	1.98
EXMJX	4.53	2.83	2.08	1.98
EXMKX	4.89	4.04	3.59	3.24
EXMKX	4.59	2.49	1.99	1.84
EXMKX	4.05	2.05	1.95	1.85
EXMKX	4.49	2.79	2.04	1.94
EXMLX	4.76	3.91	3.46	3.11
EXMLX	4.46	2.36	1.86	1.71
EXMLX	3.92	1.92	1.82	1.72
EXMLX	4.45	2.75	2.00	1.90

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EXMMX	4.64	3.79	3.34	2.99
EXMMX	4.33	2.23	1.73	1.58
EXMMX	3.79	1.79	1.69	1.59
EXMMX	4.41	2.71	1.96	1.86
EXMNX	3.80	2.60	1.30	0.50
EXMNX	4.37	3.17	1.87	1.07
EXMNX	3.59	2.59	1.19	0.39
EXMNX	3.61	2.01	0.46	0.36
EXMOX	5.01	4.16	3.71	3.36
EXMOX	4.71	2.61	2.11	1.96
EXMOX	4.17	2.17	2.07	1.97
EXMOX	4.53	2.83	2.08	1.98
EXQAX	1.74	0.14	-1.41	-1.51
EXQAX	2.24	1.24	-0.16	-0.96
EXQAX	3.34	2.14	0.84	0.04
EXQAX	3.34	2.14	0.84	0.04
EXQBX	1.74	0.14	-1.41	-1.51
EXQBX	2.24	1.24	-0.16	-0.96
EXQBX	3.34	2.14	0.84	0.04
EXQBX	3.34	2.14	0.84	0.04
EXQCX	1.74	0.14	-1.41	-1.51
EXQCX	2.24	1.24	-0.16	-0.96
EXQCX	3.34	2.14	0.84	0.04
EXQCX	3.34	2.14	0.84	0.04
EXQDX	1.74	0.14	-1.41	-1.51
EXQDX	2.24	1.24	-0.16	-0.96
EXQDX	3.34	2.14	0.84	0.04
EXQDX	3.34	2.14	0.84	0.04
EXQEX	1.74	0.14	-1.41	-1.51
EXQEX	2.24	1.24	-0.16	-0.96
EXQEX	3.34	2.14	0.84	0.04
EXQEX	3.34	2.14	0.84	0.04
EXQFX	1.74	0.14	-1.41	-1.51
EXQFX	2.24	1.24	-0.16	-0.96
EXQFX	3.34	2.14	0.84	0.04
EXQFX	3.34	2.14	0.84	0.04
EXQGX	1.74	0.14	-1.41	-1.51
EXQGX	2.24	1.24	-0.16	-0.96
EXQGX	3.34	2.14	0.84	0.04
EXQGX	3.34	2.14	0.84	0.04
EXQHX	-2.99	-4.69	-5.44	-5.54
EXQHX	-1.19	-3.19	-3.29	-3.39
EXQHX	-0.09	-2.19	-2.69	-2.84
EXQHX	1.96	1.11	0.66	0.31

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
EXQJX	-2.99	-4.69	-5.44	-5.54
EXQJX	-1.19	-3.19	-3.29	-3.39
EXQJX	-0.09	-2.19	-2.69	-2.84
EXQJX	1.96	1.11	0.66	0.31
EXQKX	-2.99	-4.69	-5.44	-5.54
EXQKX	-1.19	-3.19	-3.29	-3.39
EXQKX	-0.09	-2.19	-2.69	-2.84
EXQKX	1.96	1.11	0.66	0.31
EXQLX	-2.99	-4.69	-5.44	-5.54
EXQLX	-1.19	-3.19	-3.29	-3.39
EXQLX	-0.09	-2.19	-2.69	-2.84
EXQLX	1.96	1.11	0.66	0.31
EXQMX	-2.99	-4.69	-5.44	-5.54
EXQMX	-1.19	-3.19	-3.29	-3.39
EXQMX	-0.09	-2.19	-2.69	-2.84
EXQMX	1.96	1.11	0.66	0.31
EXQNX	1.74	0.14	-1.41	-1.51
EXQNX	2.24	1.24	-0.16	-0.96
EXQNX	3.34	2.14	0.84	0.04
EXQNX	3.34	2.14	0.84	0.04
EXQOX	-2.99	-4.69	-5.44	-5.54
EXQOX	-1.19	-3.19	-3.29	-3.39
EXQOX	-0.09	-2.19	-2.69	-2.84
EXQOX	1.96	1.11	0.66	0.31
EXS+X	1.01	0.41	0.36	0.26
EY3PL	0.54	0.24	0.19	0.14
EY8PG	-6.95	2.05	1.80	1.55
EYE	43.04	33.04	33.04	33.04
EYJ	0.09	0.04	0.04	0.04
EYP	42.21	32.21	32.21	32.21
EYQ	0.09	0.04	0.04	0.04
EYV	0.09	0.04	0.04	0.04
FRA	0.06	0.01	0.01	0.01
FRG	1.34	0.54	0.44	0.34
GJG	10.03	7.08	6.63	6.18
GJG	10.03	7.08	6.63	6.18
GJG	10.62	7.52	7.07	6.62
GJG	10.86	7.76	7.31	6.81
GJXCF	1.50	1.40	1.35	1.30
HBY	1.50	1.30	1.20	1.15
HSHCH	0.87	0.77	0.77	0.77
HSHPT	0.87	0.77	0.77	0.77
HSNPG	55.79	44.79	44.79	44.79
HTGSD	0.17	0.12	0.07	0.02

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
K7EPK	1.40	0.50	0.35	0.30
K7SPG	0.25	0.05	0.05	0.05
K7SPK	0.10	0.05	0.05	0.05
LLAVP	1.50	1.50	1.50	1.50
LNG	0.21	0.21	0.21	0.21
LNQ	0.14	0.09	0.09	0.09
LNQPG	0.55	0.30	0.30	0.30
LTG4X	1.96	1.76	1.66	1.56
LTQ3X	22.46	12.46	7.46	2.46
LTQ4X	1.56	1.26	1.16	1.06
LTQ7X	88.60	78.60	73.60	68.60
LTQ8M	-3.00	-3.15	-3.20	-3.25
LTQ8X	2.51	2.36	2.31	2.26
LTQDX	1.56	1.26	1.16	1.06
LTU1X	12.66	11.16	10.66	10.16
LTU2X	15.62	14.12	13.62	13.12
MAA1X	1.24	1.14	1.09	1.04
MAA2X	0.71	0.61	0.61	0.61
MAQ1X	0.55	0.45	0.45	0.45
MAQ2X	1.40	1.35	1.35	1.35
MLZ	0.24	0.19	0.19	0.19
MMJ	6.43	5.53	5.38	5.28
MO9	3.86	3.31	3.21	3.16
MPZ	0.10	0.05	0.05	0.05
MPZPG	0.40	0.15	0.15	0.15
MR6	0.07	0.02	0.02	0.02
MWW	0.49	0.49	0.49	0.49
MWW	0.49	0.49	0.49	0.49
N1K	0.08	0.03	0.03	0.03
N1NPG	0.30	0.10	0.10	0.10
N1NPK	0.45	0.05	0.05	0.05
N1S	0.17	0.12	0.07	0.02
NF5PC	1.74	1.49	1.44	1.39
NKF	0.21	0.16	0.16	0.16
NRMSX	9.41	7.91	7.61	7.51
NRMSX	9.41	7.91	7.61	7.51
NRMSX	9.21	7.76	7.46	7.11
NRMSX	9.16	7.51	6.81	6.81
NRX3X	9.41	7.91	7.61	7.51
NRX3X	9.41	7.91	7.61	7.51
NRX3X	9.21	7.76	7.46	7.11
NRX3X	9.16	7.51	6.81	6.81
NSB	1.47	1.32	1.27	1.22
NSF	1.52	1.37	1.32	1.27

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NSG	0.84	0.69	0.64	0.59
NSJ	5.22	4.92	4.82	4.72
NSL	1.54	1.39	1.34	1.29
NSR	1.35	1.20	1.15	1.10
NTU	0.20	0.15	0.15	0.15
NUM3X	6.92	5.72	5.32	5.22
NUM3X	6.92	5.72	5.32	5.22
NUM3X	7.04	5.79	5.39	5.29
NUM3X	7.37	5.42	5.42	5.42
NUM3X	9.41	7.91	7.61	7.51
NUM3X	9.41	7.91	7.61	7.51
NUM3X	9.21	7.76	7.46	7.11
NUM3X	9.16	7.51	6.81	6.81
ODT	0.10	0.05	0.05	0.05
ODTPG	0.50	0.25	0.25	0.25
OTA	1.25	0.55	0.45	0.35
OTB	1.25	0.55	0.45	0.35
OTC	6.31	3.31	2.31	1.81
OTD	42.85	9.85	9.85	9.85
OTQ	1.20	0.50	0.40	0.30
OTT	0.20	0.15	0.10	0.05
OTU	13.48	5.48	4.48	3.48
PLC	32.88	7.88	7.88	7.88
PQK	0.07	0.02	0.02	0.02
PQKPS	0.20	0.15	0.10	0.05
PRLPK	0.50	0.20	0.15	0.10
PT3AA	0.10	0.05	0.05	0.05
PT3AC	0.09	0.04	0.04	0.04
PT3AD	0.10	0.05	0.05	0.05
PT3AE	0.08	0.03	0.03	0.03
PT3AF	0.10	0.05	0.05	0.05
PT3AG	0.08	0.03	0.03	0.03
PT3AH	3.62	1.37	1.12	0.87
PT3AJ	5.65	3.15	2.65	2.40
PT3AK	0.10	0.05	0.05	0.05
PT3AM	0.05	0.00	0.00	0.00
PT3AN	0.10	0.05	0.05	0.05
PT3AO	0.10	0.05	0.05	0.05
PT3AP	0.10	0.05	0.05	0.05
PT3AQ	0.08	0.03	0.03	0.03
PT3PS	33.25	24.25	23.25	22.25
QDA	-1.08	-2.58	-2.83	-3.08
QDA-ARS	-1.08	-2.58	-2.83	-3.08
QDC	1.90	1.55	1.50	1.45

* Registered Service Mark of BellSouth Corporation

State: Florida
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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
QDC-ARS	1.90	1.55	1.50	1.45
QDR	10.39	8.89	8.64	8.39
QHQ	4.22	2.22	1.47	0.97
R63AX	7.27	6.07	4.77	3.97
R63AX	7.65	6.45	5.15	4.35
R63AX	6.65	5.65	4.25	3.45
R63AX	6.23	4.63	3.08	2.98
R63BX	5.84	4.64	3.34	2.54
R63BX	6.22	5.02	3.72	2.92
R63BX	5.33	4.33	2.93	2.13
R63BX	5.02	3.42	1.87	1.77
R63CX	4.25	3.05	1.75	0.95
R63CX	4.63	3.43	2.13	1.33
R63CX	3.87	2.87	1.47	0.67
R63CX	3.68	2.08	0.53	0.43
R63DX	2.64	1.44	0.14	-0.66
R63DX	3.02	1.82	0.52	-0.28
R63DX	2.39	1.39	-0.01	-0.81
R63DX	2.32	0.72	-0.83	-0.93
R63EX	-0.62	-1.82	-3.12	-3.92
R63EX	-0.23	-1.43	-2.73	-3.53
R63EX	-0.60	-1.60	-3.00	-3.80
R63EX	-0.43	-2.03	-3.58	-3.68
R63FX	-3.58	-4.78	-6.08	-6.88
R63FX	-1.79	-2.99	-4.29	-5.09
R63FX	-2.33	-3.33	-4.73	-5.53
R63FX	-0.96	-2.56	-4.11	-4.21
R63GX	-3.70	-4.90	-6.20	-7.00
R63GX	-1.92	-3.12	-4.42	-5.22
R63GX	-2.46	-3.46	-4.86	-5.66
R63GX	-1.00	-2.60	-4.15	-4.25
R63HX	5.13	4.28	3.83	3.48
R63HX	4.85	2.75	2.25	2.10
R63HX	4.31	2.31	2.21	2.11
R63HX	4.57	2.87	2.12	2.02
R63JX	5.01	4.16	3.71	3.36
R63JX	4.72	2.62	2.12	1.97
R63JX	4.18	2.18	2.08	1.98
R63JX	4.53	2.83	2.08	1.98
R63KX	4.89	4.04	3.59	3.24
R63KX	4.59	2.49	1.99	1.84
R63KX	4.05	2.05	1.95	1.85
R63KX	4.49	2.79	2.04	1.94
R63LX	4.76	3.91	3.46	3.11

* Registered Service Mark of BellSouth Corporation

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
R63LX	4.46	2.36	1.86	1.71
R63LX	3.92	1.92	1.82	1.72
R63LX	4.45	2.75	2.00	1.90
R63MX	4.64	3.79	3.34	2.99
R63MX	4.33	2.23	1.73	1.58
R63MX	3.79	1.79	1.69	1.59
R63MX	4.41	2.71	1.96	1.86
R63NX	3.80	2.60	1.30	0.50
R63NX	4.37	3.17	1.87	1.07
R63NX	3.59	2.59	1.19	0.39
R63NX	3.61	2.01	0.46	0.36
R63OX	5.01	4.16	3.71	3.36
R63OX	4.71	2.61	2.11	1.96
R63OX	4.17	2.17	2.07	1.97
R63OX	4.53	2.83	2.08	1.98
R65+X	4.64	4.04	3.99	3.89
R65AX	7.27	6.07	4.77	3.97
R65AX	7.65	6.45	5.15	4.35
R65AX	6.65	5.65	4.25	3.45
R65AX	6.23	4.63	3.08	2.98
R65BX	5.84	4.64	3.34	2.54
R65BX	6.22	5.02	3.72	2.92
R65BX	5.33	4.33	2.93	2.13
R65BX	5.02	3.42	1.87	1.77
R65CX	4.25	3.05	1.75	0.95
R65CX	4.63	3.43	2.13	1.33
R65CX	3.87	2.87	1.47	0.67
R65CX	3.68	2.08	0.53	0.43
R65DX	2.64	1.44	0.14	-0.66
R65DX	3.02	1.82	0.52	-0.28
R65DX	2.39	1.39	-0.01	-0.81
R65DX	2.32	0.72	-0.83	-0.93
R65EX	-0.62	-1.82	-3.12	-3.92
R65EX	-0.23	-1.43	-2.73	-3.53
R65EX	-0.60	-1.60	-3.00	-3.80
R65EX	-0.43	-2.03	-3.58	-3.68
R65FX	-3.58	-4.78	-6.08	-6.88
R65FX	-1.79	-2.99	-4.29	-5.09
R65FX	-2.33	-3.33	-4.73	-5.53
R65FX	-0.96	-2.56	-4.11	-4.21
R65GX	-3.70	-4.90	-6.20	-7.00
R65GX	-1.92	-3.12	-4.42	-5.22
R65GX	-2.46	-3.46	-4.86	-5.66
R65GX	-1.00	-2.60	-4.15	-4.25

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
R65HX	5.13	4.28	3.83	3.48
R65HX	4.85	2.75	2.25	2.10
R65HX	4.31	2.31	2.21	2.11
R65HX	4.57	2.87	2.12	2.02
R65JX	5.01	4.16	3.71	3.36
R65JX	4.72	2.62	2.12	1.97
R65JX	4.18	2.18	2.08	1.98
R65JX	4.53	2.83	2.08	1.98
R65KX	4.89	4.04	3.59	3.24
R65KX	4.59	2.49	1.99	1.84
R65KX	4.05	2.05	1.95	1.85
R65KX	4.49	2.79	2.04	1.94
R65LX	4.76	3.91	3.46	3.11
R65LX	4.46	2.36	1.86	1.71
R65LX	3.92	1.92	1.82	1.72
R65LX	4.45	2.75	2.00	1.90
R65MX	4.64	3.79	3.34	2.99
R65MX	4.33	2.23	1.73	1.58
R65MX	3.79	1.79	1.69	1.59
R65MX	4.41	2.71	1.96	1.86
R65NX	3.80	2.60	1.30	0.50
R65NX	4.37	3.17	1.87	1.07
R65NX	3.59	2.59	1.19	0.39
R65NX	3.61	2.01	0.46	0.36
R65OX	5.01	4.16	3.71	3.36
R65OX	4.71	2.61	2.11	1.96
R65OX	4.17	2.17	2.07	1.97
R65OX	4.53	2.83	2.08	1.98
RAA	6.21	2.71	2.21	1.71
RAB	0.17	0.12	0.07	0.02
RAE	6.21	2.71	2.21	1.71
RAG	0.17	0.12	0.07	0.02
RAM	6.21	2.71	2.21	1.71
RAN	0.17	0.12	0.07	0.02
RBF	3.96	3.51	3.46	3.41
RBQ	4.00	3.55	3.50	3.45
RENAX	6.42	4.98	3.96	3.42
RENAX	6.81	5.37	4.35	3.81
RENAX	6.30	4.95	3.87	3.33
RENAX	6.32	4.19	3.26	3.20
RENAX	8.04	6.42	5.46	4.92
RENAX	8.42	6.80	5.84	5.30
RENAX	7.74	6.27	5.25	4.56
RENAX	7.49	5.54	4.19	4.13

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
RENBX	4.98	3.54	2.52	1.98
RENBX	5.37	3.93	2.91	2.37
RENBX	4.98	3.63	2.55	2.01
RENBX	5.11	2.98	2.05	1.99
RENBX	6.61	4.99	4.03	3.49
RENBX	6.99	5.37	4.41	3.87
RENBX	6.42	4.95	3.93	3.24
RENBX	6.28	4.33	2.98	2.92
RENCX	3.40	1.96	0.94	0.40
RENCX	3.79	2.35	1.33	0.79
RENCX	3.53	2.18	1.10	0.56
RENCX	3.77	1.64	0.71	0.65
RENCX	5.02	3.40	2.44	1.90
RENCX	5.40	3.78	2.82	2.28
RENCX	4.96	3.49	2.47	1.78
RENCX	4.94	2.99	1.64	1.58
RENDX	1.78	0.34	-0.68	-1.22
RENDX	2.17	0.73	-0.29	-0.83
RENDX	2.04	0.69	-0.39	-0.93
RENDX	2.40	0.27	-0.66	-0.72
RENDX	3.41	1.79	0.83	0.29
RENDX	3.79	2.17	1.21	0.67
RENDX	3.48	2.01	0.99	0.30
RENDX	3.58	1.63	0.28	0.22
RENEX	-1.47	-2.91	-3.93	-4.47
RENEX	-1.08	-2.52	-3.54	-4.08
RENEX	-0.95	-2.30	-3.38	-3.92
RENEX	-0.35	-2.48	-3.41	-3.47
RENEX	0.15	-1.47	-2.43	-2.97
RENEX	0.54	-1.08	-2.04	-2.58
RENEX	0.49	-0.98	-2.00	-2.69
RENEX	0.83	-1.12	-2.47	-2.53
RENFX	-8.75	-10.19	-11.21	-11.75
RENFX	-4.34	-5.78	-6.80	-7.34
RENFX	-3.95	-5.30	-6.38	-6.92
RENFX	-3.11	-5.24	-6.17	-6.23
RENFX	-2.81	-4.43	-5.39	-5.93
RENFX	-1.02	-2.64	-3.60	-4.14
RENFX	-1.24	-2.71	-3.73	-4.42
RENFX	0.30	-1.65	-3.00	-3.06
RENGX	-8.87	-10.31	-11.33	-11.87
RENGX	-5.38	-6.82	-7.84	-8.38
RENGX	-5.42	-6.77	-7.85	-8.39
RENGX	-3.57	-5.70	-6.63	-6.69

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
RENGX	-2.93	-4.55	-5.51	-6.05
RENGX	-1.15	-2.77	-3.73	-4.27
RENGX	-1.37	-2.84	-3.86	-4.55
RENGX	0.26	-1.69	-3.04	-3.10
RENHX	-3.62	-4.85	-5.36	-5.63
RENHX	-1.37	-3.35	-3.89	-4.04
RENHX	-1.41	-3.36	-3.66	-3.78
RENHX	-0.25	-2.44	-2.89	-2.95
RENHX	2.32	0.91	0.46	0.19
RENHX	2.86	0.70	0.22	0.07
RENHX	2.64	0.57	0.33	0.06
RENHX	3.59	1.58	0.71	0.65
RENJX	-3.74	-4.97	-5.48	-5.75
RENJX	-1.50	-3.48	-4.02	-4.17
RENJX	-1.54	-3.49	-3.79	-3.91
RENJX	-0.29	-2.48	-2.93	-2.99
RENJX	2.20	0.79	0.34	0.07
RENJX	2.79	0.63	0.15	0.00
RENJX	2.51	0.44	0.20	-0.07
RENJX	3.55	1.54	0.67	0.61
RENKX	-3.87	-5.10	-5.61	-5.88
RENKX	-1.63	-3.61	-4.15	-4.30
RENKX	-1.67	-3.62	-3.92	-4.04
RENKX	-0.33	-2.52	-2.97	-3.03
RENKX	2.08	0.67	0.22	-0.05
RENKX	2.60	0.44	-0.04	-0.19
RENKX	2.38	0.31	0.07	-0.20
RENKX	3.51	1.50	0.63	0.57
RENLX	-3.99	-5.22	-5.73	-6.00
RENLX	-1.76	-3.74	-4.28	-4.43
RENLX	-1.80	-3.75	-4.05	-4.17
RENLX	-0.36	-2.55	-3.00	-3.06
RENLX	1.95	0.54	0.09	-0.18
RENLX	2.47	0.31	-0.17	-0.32
RENLX	2.25	0.18	-0.06	-0.33
RENLX	3.47	1.46	0.59	0.53
RENMX	-4.11	-5.34	-5.85	-6.12
RENMX	-1.89	-3.87	-4.41	-4.56
RENMX	-1.93	-3.88	-4.18	-4.30
RENMX	-0.40	-2.59	-3.04	-3.10
RENMX	1.83	0.42	-0.03	-0.30
RENMX	2.34	0.18	-0.30	-0.45
RENMX	2.12	0.05	-0.19	-0.46
RENMX	3.43	1.42	0.55	0.49

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
RENNX	2.33	0.89	-0.13	-0.67
RENNX	3.20	1.76	0.74	0.20
RENNX	2.93	1.58	0.50	-0.04
RENNX	3.30	1.17	0.24	0.18
RENNX	4.57	2.95	1.99	1.45
RENNX	5.14	3.52	2.56	2.02
RENNX	4.68	3.21	2.19	1.50
RENNX	4.87	2.92	1.57	1.51
RENOX	-3.75	-4.98	-5.49	-5.76
RENOX	-1.51	-3.49	-4.03	-4.18
RENOX	-1.54	-3.49	-3.79	-3.91
RENOX	-0.30	-2.49	-2.94	-3.00
RENOX	2.20	0.79	0.34	0.07
RENOX	2.72	0.56	0.08	-0.07
RENOX	2.50	0.43	0.19	-0.08
RENOX	3.55	1.54	0.67	0.61
RKT	39.90	9.90	9.90	9.90
RKT	1.89	1.59	1.59	1.59
RNBAX	7.27	6.07	4.77	3.97
RNBAX	7.65	6.45	5.15	4.35
RNBAX	6.65	5.65	4.25	3.45
RNBAX	6.23	4.63	3.08	2.98
RNBBX	5.84	4.64	3.34	2.54
RNBBX	6.22	5.02	3.72	2.92
RNBBX	5.33	4.33	2.93	2.13
RNBBX	5.02	3.42	1.87	1.77
RNBCX	4.25	3.05	1.75	0.95
RNBCX	4.63	3.43	2.13	1.33
RNBCX	3.87	2.87	1.47	0.67
RNBCX	3.68	2.08	0.53	0.43
RNBDX	2.64	1.44	0.14	-0.66
RNBDX	3.02	1.82	0.52	-0.28
RNBDX	2.39	1.39	-0.01	-0.81
RNBDX	2.32	0.72	-0.83	-0.93
RNBEX	-0.62	-1.82	-3.12	-3.92
RNBEX	-0.23	-1.43	-2.73	-3.53
RNBEX	-0.60	-1.60	-3.00	-3.80
RNBEX	-0.43	-2.03	-3.58	-3.68
RNBFX	-3.58	-4.78	-6.08	-6.88
RNBFX	-1.79	-2.99	-4.29	-5.09
RNBFX	-2.33	-3.33	-4.73	-5.53
RNBFX	-0.96	-2.56	-4.11	-4.21
RNBGX	-3.70	-4.90	-6.20	-7.00
RNBGX	-1.92	-3.12	-4.42	-5.22

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USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
RNBGX	-2.46	-3.46	-4.86	-5.66
RNBGX	-1.00	-2.60	-4.15	-4.25
RNBHX	5.13	4.28	3.83	3.48
RNBHX	4.85	2.75	2.25	2.10
RNBHX	4.31	2.31	2.21	2.11
RNBHX	4.57	2.87	2.12	2.02
RNBJX	5.01	4.16	3.71	3.36
RNBJX	4.72	2.62	2.12	1.97
RNBJX	4.18	2.18	2.08	1.98
RNBJX	4.53	2.83	2.08	1.98
RNBKX	4.89	4.04	3.59	3.24
RNBKX	4.59	2.49	1.99	1.84
RNBKX	4.05	2.05	1.95	1.85
RNBKX	4.49	2.79	2.04	1.94
RNBLX	4.76	3.91	3.46	3.11
RNBLX	4.46	2.36	1.86	1.71
RNBLX	3.92	1.92	1.82	1.72
RNBLX	4.45	2.75	2.00	1.90
RNBMX	4.64	3.79	3.34	2.99
RNBMX	4.33	2.23	1.73	1.58
RNBMX	3.79	1.79	1.69	1.59
RNBMX	4.41	2.71	1.96	1.86
RNBNX	3.80	2.60	1.30	0.50
RNBNX	4.37	3.17	1.87	1.07
RNBNX	3.59	2.59	1.19	0.39
RNBNX	3.61	2.01	0.46	0.36
RNBOX	5.01	4.16	3.71	3.36
RNBOX	4.71	2.61	2.11	1.96
RNBOX	4.17	2.17	2.07	1.97
RNBOX	4.53	2.83	2.08	1.98
RNE	0.29	0.24	0.24	0.24
RNG	0.11	0.06	0.06	0.06
RNJ	0.10	0.05	0.05	0.05
RSG	0.06	0.01	0.01	0.01
RSN	0.09	0.04	0.04	0.04
RTZ	0.06	0.01	0.01	0.01
SAK	0.22	0.17	0.12	0.07
SAK	0.08	0.03	0.03	0.03
SAKPG	0.60	0.15	0.10	0.05
SAKPG	0.30	0.10	0.10	0.10
SBD	0.08	0.03	0.03	0.03
SCR	0.10	0.05	0.05	0.05
SCW	11.30	5.30	4.30	3.30
SCY	0.22	0.17	0.12	0.07

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	CONTRIBUTION			
USOC	MONTH TO MONTH	36-59 MONTHS	60-83 MONTHS	84 MONTHS
SFF	2.09	1.34	0.84	0.59
SFY	0.21	0.16	0.11	0.06
SMGP1	201.00	151.85	147.65	144.80
SR2	0.08	0.03	0.03	0.03
SR7	0.09	0.04	0.04	0.04
SSMAX	0.15	0.10	0.05	0.00
TE9PC	3.28	2.38	2.28	2.18
TET	0.48	0.23	0.18	0.13
TGSPC	0.28	0.23	0.23	0.23
TGSPG	0.24	0.19	0.19	0.19
TMQPS	0.08	0.03	0.03	0.03
UNP	0.30	0.15	0.10	0.05
UNQ	1.68	1.18	0.93	0.68
UNS	0.09	0.04	0.04	0.04
VTP	3.47	3.12	2.92	2.72
VTP	6.84	6.19	5.74	5.34
VTP	46.86	42.46	39.66	36.86
VTP	164.83	149.83	139.83	129.83
XCLPC	1.72	1.52	1.47	1.42
XCLPL	0.10	0.05	0.05	0.05
XES	-1.00	-1.45	-1.50	-1.55

Number of Outstanding Eligible Contracts - by Quarters
Expiration Date (Quarter/Year)

Effective Date (Qtr/Yr)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 4/04
Pre-1993																					
1/93	2																				
2/93						2															
3/93																					
4/93				2																	
1/94					1																
2/94						2												1			
3/94																					
4/94																					
1/95																					
2/95		1																			
3/95																					
4/95												1									
1/96										1											
2/96						3												1			
3/96			2				1								1						
4/96																					
1/97	1					1															
2/97																					
3/97			4								1										
4/97								2				1				1					
1/98	10								3	1			1								
2/98		15				5				2	2			6							
3/98			15				2	1			1	2									
4/98				12				1				3				2					
1/99					5				2				1								
2/99																					

BellSouth Telecommunications, Inc.
FPSC Staff's Data Request
Dated: March 30, 1999
Docket 980253-TX; Fresh Look Policy
Item No. 4

REQUEST: Please complete the matrix contained on the following pages for all tariffed term plans that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

RESPONSE: See attached matrix for the tariff term plans which meet the "fresh look" criteria as of April 22, 1999, assuming the effective date of the rule is January 1, 2000.

RESPONSE PROVIDED BY: Johnnie R. Simmons

Number of Outstanding Eligible Tariffed Term Plans – by Quarters
Expiration Date (Quarter/Year)

Effective Date (Qtr/Yr)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 4/04
Pre-1993	10	25	21	7	2								1								
1/93	18			1	20	2		1													
2/93		14				12															
3/93			34		1		33														
4/93				15		1		10													
1/94					10				9	4											
2/94						23				8											
3/94			2		1		10	1			2										
4/94						1		5			1	1									
1/95	4		1		1				8				2								
2/95		12	5					1		4											
3/95	1		23								8				3						
4/95				6								4				1					
1/96					14				6	1			27				4	4			
2/96		37	3			56		1		36			1	9	1						
3/96			1		2		64	1	2		1	1			6		1		5		
4/96				2	2	6		60			1	2	8			17				4	
1/97	42	1			19	4		2	108				11				10	1	1		
2/97		42				14	4		1	87				1			1	3			9
3/97			27				22	2			83				2				7		3
4/97				16				9	2			27				2				5	
1/98	287		1	3	27				12	4			36								10
2/98	2	344				28				22	1			52							8
3/98			337			1	39				40	10	1		68						11
4/98		1		288	1		1	18				12	5	1	2	16			2	14	5
1/99					172				19				14				22				6
2/99						11							2					1			1

BellSouth Telecommunications, Inc.
FPSC Staff's Data Request
Dated: March 30, 1999
Docket 980253-TX; Fresh Look Policy
Item No. 5

REQUEST: In order to determine the number of customers impacted by the proposed rule on "fresh look," please provide the number of unique accounts or customers impacted by eligible contracts or tariffed term plans. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

RESPONSE: 3,426 unique accounts are impacted by the proposed rule as of April 22, 1999, assuming the effective date of the rule is January 1, 2000.

RESPONSE PROVIDED BY: Johnnie R. Simmons

REQUEST: Please provide the amount of unrecovered non-recurring costs for each contract should a Notice of Termination be provided in accordance with proposed Rule 25-4.302(5)(a), F.A.C. For purposes of this question, assume that all eligible contracts are terminated at the earliest possible date, given an effective date for the rule of January 1, 2000.

RESPONSE: The data requested by contract is not maintained in a manner that is readily available. The data is being provided by units in service which considers the same universe of items and charges but does not consider the number of individual items grouped under one contract.

The unrecovered non-recurring cost estimate for Primary Rate Interface (PRI) ISDN Service is $365,308.65.

BellSouth does not anticipate incurring any unrecovered non-recurring costs for ESSX or MultiServ Service.

RESPONSE PROVIDED BY: Ned Johnston

REQUEST: Calculate the difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 25-4.302(5)(a),F.A.C. If there would be no unrecovered non-recurring costs associated with a particular contract, please so indicate.

RESPONSE: The estimated difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 26-5.302(5)(a) F.A.C. are as follows by service types:

ESSX and MultiServ	$25,670,000.00
Primary Rate Interface (PRI) ISDN Service	$42,853,208.55

RESPONSE PROVIDED BY: Ned Johnston

2

Vista-United Telecommunications

May 3, 1999

Ms. Kathy Lewis
Division of Research and Regulatory Review
Florida Public Service Commission

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 980253-TX

Dear Ms. Lewis:

The attached are Vista-United Telecommunications' responses to the Florida Public Service Commission's March 30, 1999 First Fresh Look Policy Data Request.

Should you have any questions regarding this matter, please contact me at (407) 827-2210.

Sincerely,

Lynn B. Hall
Contracts and Tariffs Manager

Enclosure

cc: Bill Huttenhower
Steve Luttrell

FLORIDA PUBLIC SERVICE COMMISSION
FIRST DATA REQUEST ON
FRESH LOOK POLICY

Company Name & Address: **Vista-United Telecommunications**
3100 Bonnet Creek Road
P.O. Box 10,180
Lake Buena Vista, Florida 32830-1080

Lake Buena Vista, Florida 32830-1000
Telephone Number: (407) 827-2210
Respondent's Name & Title: **Lynn B. Hall, Contracts and Tariffs Manager**

1. For all services provided under eligible contracts, please provide a copy of your tariff pages that contain the corresponding tariffed service, showing both recurred and non-recurring charges.

   Vista-United Telecommunications does not currently have any tariffed service which is being provided under eligible contract.

2. For each tariffed service provided in response to Staff's First Data Request, Question 1, please state the amount of contribution (rate minus unit cost) contained in each of the monthly recurring charges.

   Not applicable. See Vista-United response provided to 1. above.

3. Please complete the matrix contained on the following pages for all contract service arrangements that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective of the rule is January 1, 2000.

   Not applicable. See Vista-United response provided to 1. above.

4. Please complete the matrix contained on the following pages for all tariffed term plans that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

   Currently, the only recently tariffed Vista-United service for which a contract term payment plan is available is ECS 100, located in Section A20., Local Channel Service, of our General Exchange Tariff. However, there are no customers currently under contract for a term payment plan.

5. In order to determine the number of customers impacted by the proposed rule on "fresh look" please provide the number of unique accounts or customers impacted by eligible contracts or tariffed term plans. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

   Not applicable. See other Vista-United responses provided above.

6. Please provide the amount of unrecovered non-recurring costs for each contract should a Notice of Termination be provided in accordance with proposed Rule 25-4.302(5)(a), F.A.C. For purposes of this question, assume that all eligible contracts are terminated at the earliest possible date, given an effective date for the rule of January 1, 2000.

Not applicable. See other Vista-United responses provided above.

7. Calculate the difference between the termination liability under the proposed rule and the

7. Calculate the difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 25-4.302(5)(a), F.A.C. If there would be no unrecovered non-recurring costs associated with a particular contract, please so indicate.

Not applicable. See other Vista-United responses provided above.

Fax

To:	Kathy Lewis	**From:**	Michele L. Welch 5/11/20
Fax:	(850) 413-6595	**Fax:**	(407) 827-2424
Phone:		**Phone:**	(407) 827-2194
Pages:	4 (including cover sheet)	**Date:**	May 4, 1999 6:10 AM
Re:		**CC:**	

☐ **Urgent** ☑ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

● **Comments:**

Attached is Vista-United Telecommunications' response to the First Fresh Look Policy Data Request.

If there are any questions, please contact Lynn B. Hall at (407) 827-2210.

Vista-United Telecommunications

May 3, 1999

Ms. Kathy Lewis
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 980253-TX

Dear Ms. Lewis:

The attached are Vista-United Telecommunications' responses to the Florida Public Service Commission's March 30, 1999 First Fresh Look Policy Data Request.

Should you have any questions regarding this matter, please contact me at (407) 827-2210.

Sincerely,

Lynn B. Hall

Lynn B. Hall
Contracts and Tariffs Manager

Enclosure

cc: Bill Huttenhower
Steve Luttrell

6. Please provide the amount of unrecovered non-recurring costs for each contract should a Notice of Termination be provided in accordance with proposed Rule 25-4.302(5)(a), F.A.C. For purposes of this question, assume that all eligible contracts are terminated at the earliest possible date, given an effective date for the rule of January 1, 2000.

Not applicable. See other Vista-United responses provided above.

7. Calculate the difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 25-4.302(5)(a), F.A.C. If there would be no unrecovered non-recurring costs associated with a particular contract, please so indicate.

Not applicable. See other Vista-United responses provided above.

GTE

3

Beverly Y. Menard
Regulatory & Governmental Affairs
Assistant Vice President - Florida/Georgia

GTE Service Corporation

One Tampa City Center
Post Office Box 110, FLTC0616
Tampa, Florida 33601-0110
813-483-2526
813-223-4888 (Facsimile)

April 29, 1999

Ms. Kathy Lewis
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Lewis:

Subject: Docket No. 980253-TX, Staff's data request dated March 30, 1999 on proposed fresh look rules

Attached are GTE Florida's responses to Staff's data request dated March 30, 1999 regarding "fresh look".

Should you require additional information, please contact Mike Scobie at (813) 483-2530.

Sincerely,

Mike Scobie

for Beverly Y. Menard

BYM:lhr
Attachments

Rece...
MAY - 3 1999
Research and Regulatory Review Division

DOCKET NO. 980253-TX
GTE FLORIDA'S RESPONSES TO STAFF'S DATA REQUEST ON FRESH LOOK POLICY
PROPOSED RULES: 25-4.300, F.A.C., SCOPE AND DEFINITIONS; 25-4.301, F.A.C., APPLICABILITY OF FRESH LOOK; 25-4.302, F.A.C., TERMINATION OF LEC CONTRACTS

Company Name & Address:	GTE Florida, Inc., Tampa, FL
Telephone Number:	(813) 483-2526
Respondent's Name & Title:	Beverly Menard - Regulatory & Governmental Affairs Affairs Assistant Vice President - Florida/Georgia

1. For all services provided under eligible contracts, please provide a copy of your tariff pages that contain the corresponding tariffed service, showing both recurring and non-recurring charges.

   Response:

   Copy of tariff pages attached.

2. For each tariffed service provided in response to Staff's First Data Request, Question 1, please state the amount of contribution (rate minus unit cost) contained in each of the monthly recurring charges.

   Response:

   GTE seeks clarification as to the relevancy of this request to the issues in this proceeding. GTE is reluctant to disclose such information without strong justification because it is highly proprietary and competitively sensitive.

3. Please complete the matrix contained on the following pages for all contract service arrangements that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

   Response:

   See attached matrix. The numbers contained in the matrix are an **estimate** based on existing contracts. Many assumptions were used to populate the matrix, including, but not limited to the following: (1) all contracts assumed to have 1/2 of the term remaining at effective date of the rule; (2) all contracts spread equally over possible effective dates and expiration dates; (3) it is assumed that the number and type of contracts that exist today will be the same on the effective date of the rule; and (4) no growth is assumed, no loss is assumed.

4. Please complete the matrix contained on the following pages for all tariffed term plans that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

Response:

See attached matrix. The numbers contained in the matrix are an **estimate** based on existing tariffed term plans. Many assumptions were used to populate the matrix, including, but not limited to the following: (1) all tariffed term plans assumed to have 1/2 of the term remaining at the effective date of the rule; (2) all tariffed term plans spread equally over possible effective dates and expiration dates; (3) it is assumed that the number and type of tariffed term plans that exist today will be the same on effective date of the rule; and (4) no growth is assumed, no loss is assumed.

5. In order to determine the number of customers impacted by the proposed rule on "fresh look," please provide the number of unique accounts or customers impacted by eligible contracts or tariffed term plans. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

Response:

The number of unique accounts or customers impacted is approximately equal to the total of the eligible contracts and tariffed term plans as provided in response to questions 3 and 4.

6. Please provide the amount of unrecovered non-recurring costs for each contract should a Notice of Termination be provided in accordance with proposed Rule 25-4.302(5)(a), F.A.C. For purposes of this question, assume that all eligible contracts are terminated at the earliest possible date, given an effective date for the rule of January 1, 2000.

Response:

Unrecovered non-recurring costs for each contract can only be calculated by a detailed analysis of each and every contract individually. This would be an unduly time consuming and burdensome effort. An estimate of the amount of total termination liability charges under existing contract and tariff provisions that would not be recoverable, if all eligible contracts and tariffed term plans provided a Notice of Termination on January 1, 2000 is $21M. All assumptions used to respond to questions 3 and 4 are also used here. In addition, GTEFL has identified an additional $29M in revenues that could be lost. These additional lost revenues include the non-contracted, non-term components of the fresh look eligible services.

7. Calculate the difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 25-4.302(5)(a), F.A.C. If there would be no unrecovered non-recurring costs associated with a particular contract, please so indicate.

Response:

An estimate of the termination liability under the existing contract provisions has been provided in response to question 6. As also stated in response to question 6, the unrecovered non-recurring costs for each contract would be unduly burdensome to produce. It is assumed that the actual unrecovered non-recurring costs would not exceed the amount of termination liability under the existing contract provisions as provided in response to question 6.

Number of Outstanding Eligible Contracts - by Quarters

Expiration Date (Quarter/Year)

Effective Date (Qtr/Yr)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 4/04
Pre-1993																					
1/93																					
2/93																					
3/93																					
4/93																					
1/94																					
2/94																					
3/94																					
4/94																					
1/95	|																				
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1/96			|																		
2/96																					
3/96																					
4/96	|																				
1/97	|								|											
2/97		|																		
3/97		|				|														
4/97	|		|								|									

Number of Outstanding Eligible Contracts - by Quarters

Expiration Date (Quarter/Year)

Effective Date (Qtr/Year)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 04
1/98	1		1		1																
2/98		2		1		1															
3/98		1		2		1															
4/98	1		1		2		1														
1/99	2		1		2		1		1		1										
2/99	2	3		2		1		1													

Number of Outstanding Eligible Tariffed Term Plans - by Quarters

Expiration Date (Quarter/Year)

Effective Date (Qtr/Yr)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 4/04
Pre-1993																					
1/93	1																				
2/93																					
3/93																					
4/93																					
1/94	1				1																
2/94																					
3/94																					
4/94																					
1/95	2				1				1												
2/95	1																				
3/95	1	1																			
4/95	1	1		1																	
1/96	2		1	1	1				1				1								
2/96	1	1		1	1																
3/96	1	1		1	1		1														
4/96	1		1	1		1	1														
1/97	87	1		1	3		1	1	2				2				2				
2/97	86	86		1	1		1	1		1											
3/97	86	85	86	1		1	1		1	1											
4/97	86	86	85	86	1		1	1		1	1										

Number of Outstanding Eligible Tariffed Term Plans - by Quarters

Expiration Date (Quarter/Year)

Effective Date (Qtr/Year)	1/00	2/00	3/00	4/00	1/01	2/01	3/01	4/01	1/02	2/02	3/02	4/02	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04	Post 04
1/98	88	86	85	86	88		1	1	2	1	1		3				2				2
2/98	86	85	86	86	85	86	1		1	1		1	1								
3/98	86	86	85	86	86	85	86	1		1	1		1	1							
4/98	86	86	85	86	86	85	86	86		1	1		1	1		1					
1/99	383	85	86	86	87	86	86	85	88	1		1	3		1	1	2				2
2/99	381	382	85	86	86	85	86	86	85	83	1	1	1	1	1	1	1				

PLEASE RETURN BY **April 30, 1999**, TO:

Kathy Lewis
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872
PHONE No. (850) 413-6594 FAX No. (850) 413-6595

A3. BASIC LOCAL EXCHANGE SERVICE

A3.1 General

.1 This Tariff specifies rate schedules applicable for grades and classes of local exchange service ordered.

.2 Exchange rate schedules are applied according to the total number of main station lines and PBX trunks in the local service area.

.3 Exchange Service Areas for each exchange are identified on maps filed in Section A200, Local Exchange Service Area Maps and Descriptions, of this Tariff.

.4 The rates for service and equipment not specifically shown in this section are presented in other sections of this Tariff.

.5 Service charges, as covered in Section A4., are applicable to the provision of basic local exchange service.

.6 Pursuant to passage of the Telecommunications Access Systems Act of 1991 by the Florida Legislature during the 1991 session, a monthly surcharge shall be imposed on all local exchange telecommunications company customers on an individual access line basis, except that such surcharge shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered. The Commission shall determine the amount of the surcharge; however, in no case shall the amount exceed 25 cents per line per month. The surcharge shall appear on the initial bill to the customer and itemized at least once annually.

A3.2 Rate Schedules

.1 Flat Rate Schedule

a. The following schedule of rates is applicable for main station line service.

		Monthly Rates One-Party (C)			Main Stations Arranged with Rotary Service, each		
Rate Group	Main Station Lines and PBX Trunks	Business	Residence	Business(N) Extended Calling Service (43700)	Business	Residence	Business(N) Extended Calling Service (43701)
1	0- 50,000	$23.95	$ 9.51	$ 31.95	$34.97	$13.78	$42.97
2	50,001- 90,000	26.25	10.41	34.25	37.27	14.68	45.27
3	90,001-170,000	27.45	10.86	35.45	38.47	15.13	46.47
4	170,001-300,000	28.70	11.36	36.70	39.72	15.63	47.72
5	Over 300,000	29.90	11.81	37.90(N)	40.92	16.08	48.92 (N)

b. GTE Total Solutions

(1) GTE Total Solutions, as specified in Section A18.10.8 of this Tariff, provides for discounted Business Flat Rate Main Stations Arranged for Rotary Service rates for customers who qualify and subscribe to a 12, 36, or 60 months Term Period. A customer must have a minimum of three (3) Business Flat Rate Main Stations Arranged for Rotary Service lines to receive the following discounted rates:

Main Stations Arranged with Rotary Service, each
Business

All Rate Groups	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$39.00	BRLT12V3P	$37.50	BRLT36V3P	$35.00	BRLT60V3P
11 Minimum	37.50	BRLT12V11P	35.50	BRLT36V11P	33.00	BRLT60V11P
51 Minimum	36.00	BRLT12V51P	33.50	BRLT36V51P	31.00	BRLT60V51P
101 Minimum	35.00	BRLT12V5101P	32.50	BRLT36V101P	30.00	BRLT60V101P

(2) Early Termination Charges

Should the customer terminate the agreement before the expiration date, the customer shall pay 90% of the rates and charges as specified above for the minimum quantity in the agreement for the remaining life of the Term Period.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.3 Monthly Exchange Rates (Continued)

.4 PBX Trunk Line Rates (Continued)

b. Rates

(1) Flat Rate

Rate Group	Main Station Lines and PBX Trunks	Individual Trunk Monthly Charge	Individual Trunk Extended Calling Service Monthly Charge (43702)	
1	0- 50,000	$46.10	$54.10	(N)
2	50,001- 90,000	48.40	56.40	
3	90,001-170,000	49.60	57.60	
4	170,001-300,000	50.85	58.85	
5	Over 300,000	52.05	60.05	(N)

(2) Message Rate

Rate Group	Main Station Lines and PBX Trunks	Individual Line Monthly Charge	Monthly Message Allowance	Additional Local Message Charge
1	0- 50,000	$ 31.07	0	$ .10
2	50,001- 90,000	31.07	0	.10
3	90,001-170,000	31.07	0	.10
4	170,001-300,000	31.07	0	.10
5	Over 300,000	31.07	0	.10

(3) GTE Total Solutions

(a) GTE Total Solutions, as specified in Section A18.10.8 of this Tariff, provides for discounted PBX Trunk (Flat and Message) rates for customers who qualify and subscribe to a 12, 36, or 60 months Term Period. A customer must have a minimum of three (3) PBX Trunks (Flat and/or Message rate) to receive the following discounted rates:

(.1) Flat Rate

All Rate Groups	Individual Monthly Trunk Charge, Each					
	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$49.00	PBXTKT12V3P	$47.50	PBXTKT36V3P	$45.00	PBXTKT60V3P
11 Minimum	47.50	PBXTKT12V11P	45.50	PBXTKT36V11P	43.00	PBXTKT60V11P
51 Minimum	46.00	PBXTKT12V51P	43.50	PBXTKT36V51P	41.00	PBXTKT60V51P
101 Minimum	45.00	PBXTKT12V101P	42.50	PBXTKT36V101P	40.00	PBXTKT60V101P

(.2) Message Rate

All Rate Groups	Individual Monthly Trunk Charge, Each					
	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$29.00	PBXTKUMST12V3P	$29.00	PBXTKUMST36V3P	$27.00	PBXTKUMST60V3P
11 Minimum	29.00	PBXTKUMST12V11P	27.00	PBXTKUMST36V11P	26.00	PBXTKUMST60V11P
51 Minimum	28.00	PBXTKUMST12V51P	26.00	PBXTKUMST36V51P	25.00	PBXTKUMST60V51P
101 Minimum	27.00	PBXTKUMST12V101P	26.00	PBXTKUMST36V101P	24.00	PBXTKUMST60V101P

(b) Early Termination Charges

Should the customer terminate the agreement before the expiration date, the customer shall pay 90% of the rates and charges as specified above for the minimum quantity in the agreement for the remaining life of the term period.

A3.13 NETWORK ACCESS REGISTER PACKAGE

.1 General

The Network Access Register (NAR) Package provides for exchange and long-distance message network calling. The NAR Package provides for Flat or Message Rate network usage access.

.2 Rates and Charges

a. The Flat Rate (NAR) Package includes an unlimited number of dialed sent paid local calls.

b. For the Message Rate NAR Package, all limitations as specified in this Tariff for Message Rate Service apply. A usage allowance for local message, and usage charges for calls above the allowance apply as specified in this Tariff for PBX Trunk Message Rate Service. This service is offered where Message Rate Central Office PBX Trunk Line Service is available. Calls made to Extended Calling Service (ECS) exchanges will be billed the appropriate rates as specified in Section A3.15.

c. The rates shown are applicable whether the NAR Package is used for Inward, Outward, or Combination applications.

d. The conditions and rates specified in other sections of this Tariff for services which may be associated with these services are in addition to those specified herein.

e. Network Access Register (NAR) Package, per NAR

	Rate Group	Monthly Rate
(1) Flat Rate Network Access Register (NAR) Packages, per NAR	1	$21.76
	2	22.84
	3	23.41
	4	23.99
	5	24.56
(2) Message Rate Network Access Register (NAR) Packages, per NAR	1	14.73
	2	14.73
	3	14.73
	4	14.73
	5	14.73

(3) Flat Rate Network Access Register (NAR) for CentraNet® customers subscribing to the following GTE Local Calling Plans options, all Rate Groups.

	Monthly Rate	IOSC
Basic Calling Plan	$ 17.00	52092
Community Plus Plan	30.00	52094

	Rate Group	Monthly Rate	IOSC	
(4) CentraNet® Service/Digital (ISDN) CentraNet® Service-Flat Rate Extended Calling Service NAR, per NAR	1	$29.76	43703	(N)
	2	30.84	43703	
	3	31.41	43703	
	4	31.99	43703	
	5	32.56	43703	(N)

f. GTE Total Solutions

GTE Total Solutions, as specified in Section A18.10.8 of this Tariff, provides for a discounted Network Access Register (NAR) rate for customers who qualify and subscribe to a 12, 36 or 60 months Term Period. A customer must have a minimum of three (3) NARs to receive the following discounted rates:

(1) CentraNet® Service/Digital (ISDN) CentraNet® Service - Flat Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$22.50	CEN NART12V3P	$21.00	CEN NART36V3P	$18.50	CEN NART60V3P
		CEN NARLCP3T12V3P		CEN NARLCP3T36V3P		CEN NARLCP3T60V3P
11 Minimum	21.00	CEN NART12V11P	19.00	CEN NART36V11P	16.50	CEN NART60V11P
		CEN NARLCP3T12V11P		CEN NARLCP3T36V11P		CEN NARLCP3T60V11P
51 Minimum	19.50	CEN NART12V51P	17.00	CEN NART36V51P	14.50	CEN NART60V51P
		CEN NARLCP3T12V51P		CEN NARLCP3T36V51P		CEN NARLCP3T60V51P
101 Minimum	18.50	CEN NART12V101P	16.00	CEN NART36V101P	13.50	CEN NART60V101P
		CEN NARLCP3T12V101P		CEN NARLCP3T36V101P		CEN NARLCP3T60V101P

(2) CentraNet® Service/Digital (ISDN) CentraNet® Service - Message Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$10.50	CEN NARMT12V3P	$10.00	CEN NARMT36V3P	$ 8.50	CEN NARMT60V3P
11 Minimum	10.00	CEN NARMT12V11P	9.00	CEN NARMT36V11P	8.00	CEN NARTT60V11P
51 Minimum	9.00	CEN NARMT12V51P	8.00	CEN NARMT36V51P	7.00	CEN NARTT60V51P
101 Minimum	8.50	CEN NARMT12V101P	7.50	CEN NARMT36V101P	6.50	CEN NARTT60V101P

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A3.13 NETWORK ACCESS REGISTER PACKAGE (Continued)

.2 Rates and Charges (Continued)

f. GTE Total Solutions (Continued)

(3) Integrated Digital Network Service (ISDN) - Primary Rate Interface Flat Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$22.50	ISDNNART12V3P ISDNNARLCP3T12V3P	$21.00	ISDNNART36V3P ISDNNARLCP3T36V3P	$18.50	ISDNNART60V3P ISDNNARLCP3T60V3P
11 Minimum	21.00	ISDNNART12V11P ISDNNARLCP3T12V11P	19.00	ISDNNART36V11P ISDNNARLCP3T36V11P	16.50	ISDNNART60V11P ISDNNARLCP3T60V11P
51 Minimum	19.50	ISDNNART12V51P ISDNNARLCP3T12V51P	17.00	ISDNNART36V51P ISDNNARLCP3T36V51P	14.50	ISDNNART60V51P ISDNNARLCP3T60V51P
101 Minimum	18.50	ISDNNART12V101P ISDNNARLCP3T12V101P	16.00	ISDNNART36V101P ISDNNARLCP3T36V101P	13.50	ISDNNART60V101P ISDNNARLCP3T60V101P

(4) Integrated Digital Network Service (ISDN) - PRI Message Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$10.50	ISDNNARMT12V3P	$10.00	ISDNNARMT36V3P	$ 8.50	ISDNNARMT60V3P
11 Minimum	10.00	ISDNNARMT12V11P	9.00	ISDNNARMT36V11P	8.00	ISDNNARMT60V11P
51 Minimum	9.00	ISDNNARMT12V51P	8.00	ISDNNARMT36V51P	7.00	ISDNNARMT60V51P
101 Minimum	8.50	ISDNNARMT12V101P	7.50	ISDNNARMT36V101P	6.50	ISDNNARMT60V101P

(5) Digital Facility Service - Flat Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$22.50	BEAFRT12V3P	$21.00	BEAFRT36V3P	$18.50	BEAFRT60V3P
11 Minimum	21.00	BEAFRT12V11P	19.00	BEAFRT36V11P	16.50	BEAFRT60V11P
51 Minimum	19.50	BEAFRT12V51P	17.00	BEAFRT36V11P	14.50	BEAFRT60V51P
101 Minimum	18.50	BEAFRT12V101P	16.00	BEAFRT36V101P	13.50	BEAFRT60V101P

(6) Digital Facility Service - Message Rate NARs

ALL RATE GROUPS

Quantity of NARS, each	12 Months	GSEC	36 Months	GSEC	60 Months	GSEC
3 Minimum	$10.50	BEAMRT12V3P	$10.00	BEAMRT36V3P	$ 8.50	BEAMRT60V3P
11 Minimum	10.00	BEAMRT12V11P	9.00	BEAMRT36V11P	8.00	BEAMRT60V11P
51 Minimum	9.00	BEAMRT12V51P	8.00	BEAMRT36V11P	7.00	BEAMRT60V51P
101 Minimum	8.50	BEAMRT12V101P	7.50	BEAMRT36V101P	6.50	BEAMRT60V101P

(7) Early Termination Charges

Should the customer terminate the agreement before the expiration date, the customer shall pay 90% of the rates and charges as specified above for the minimum quantity in the agreement for the remaining life of the Term Period.

In cases where GTE Total Solutions elements are on the same billing record with another GTE service that carries early termination charges (i.e., CentraNet®), the previously agreed to early termination rules and regulations shall apply. (N)

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A4.7 Schedule of Charges

.1 In accordance with the foregoing provisions, service charges are applicable as follows:

	Service Charge Residence	Service Charge Business	
a. Network Access, each			(C)
(1) Establishment	$20.00(R)	$33.90	
(2) Change	11.00	14.00	(C)
b. Central Office Line Connection, each line	35.00(I)	35.00(I)	
c. Premises Visit	35.00(I)	35.00(I)	
d. Telephone Number Change, each	9.00	9.00	
e. Connection of Telephone Answering Services	As specified in Section A25.10.6r.		(C)
f. Restoration of Service	18.00	18.00	
g. Seasonal Service Establishment Charge, per number restored	18.00	18.00	(N) (N)

A5.6 Contract Service Arrangements

.1 When economically practicable, customer specific contract service arrangements may be furnished in lieu of existing tariff offerings provided there is reasonable potential for uneconomical bypass of the Company's services. Uneconomic bypass occurs when an alternative service arrangement is utilized, in lieu of Company services, at prices below the Company's rates but above the Company's incremental costs. IntraLATA toll contract service arrangement authority will be based on the local exchange company's imputation of access charges as defined in Docket No. 900708-TL, Order No. PSC-92-0146-FOF-TL.

.2 Rates, Charges, Terms, and additional regulations, if applicable, for the contract service arrangements will be developed on an individual case basis, and will include all relevant costs, plus an appropriate level of contribution.

.3 Costs of the contract service arrangements may include one or more of the following items:

a. Labor, engineering, and materials.

b. Operating expenses, i.e., maintenance, administration, etc.

c. Return on investment.

d. Taxes.

e. Depreciation.

f. Any other identifiable associated cost.

.4 Unless otherwise specified, the regulations for contract service arrangements are in addition to the applicable regulations and rates specified in other sections of this Tariff.

.5 Contract Service Arrangements may be offered on any non-basic service in this Tariff that satisfies the requirements specified in this section of the Tariff. Contract Service Arrangements may be offered for a basic service only if basic service is offered as part of a package with non-basic services.

.6 Services specified in the following Sections of this Tariff are available through contract service arrangements based on imputed access charges:

Section A18--Long Distance Message Telecommunications Service (Section A18.5, Two-Point Service; Business customers with a minimum of 11,820 aggregated minutes of usage per month).

The Company will limit the contract service arrangement option to be available on exchange facilities used only to originate outgoing toll traffic specific to the contract service arrangement.

At the end of each contract year, the Company shall determine the total number of minutes actually billed to the customer for that year. If the actual minutes are less than the minimum minutes specified in this tariff section, the Company shall determine the difference by subtracting actual minutes from minimum minutes. The difference will be billed to the customer at the contracted per minute rate.

.7 Contract Service Arrangements are furnished by the Company to a subscriber only for communications in which the subscriber has a direct interest and shall not be used for any purpose for which a payment or other compensation shall be received by him from any other person, firm or corporation for such use, or in the collection, transmission or delivery of any communication for others. Contract service arrangements will not be offered to Other Common Carriers (OCCs) or other parties for the purposes of resale and/or shared use. This paragraph does not apply to Public Telephone (N)
Access Service for Customer Provided Equipment (CPE). (N)

.8 The subscriber and the Company may elect to enter into an agreement where certain rates and/or charges for contract service arrangements are applicable for a fixed period of time. The Company will continue to offer such contract service arrangements without change in the applicable rates and/or charges unless mutual consent has been reached between the Company and the subscriber to undertake such changes. The Florida Public Service Commission will not adjust contract service arrangement rates and/or charges during this period. At the completion of this period, the agreement may be renewed at the option of the Company and the subscriber. Revised rates and/or charges may apply to any renewed agreement.

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A10.5 INTEGRATED SERVICES DIGITAL NETWORK - PRIMARY RATE INTERFACE (ISDN-PRI) (Continued)

.6 (Deleted) (D)

(D)

.7 Rates and Charges

The following rates and charges are in addition to all other rates and charges that may be applicable for accessible services which operate in conjunction with ISDN-PRI Service.

	Nonrecurring Charge	IOSC	Monthly Rate	IOSC	
					(C)
a. PRI Access					
(1.) Month-to-Month	-	-	$350.00	75526	(C)
(2.) 1 Year Contract	$500.00	17173	420.00	17170	(N)
(3.) 3 Year Contract	500.00	17173	380.00	17171	|
(4.) 5 Year Contract	500.00	17173	340.00	17172	(N)
b. Switched Facility					(C)
(1.) First System					(C)
(a.) Month-to-Month	693.00	13203	250.00	13202	(C)
(b.) 1 Year Contract	-	-	225.00	19300	(N)
(c.) 3 Year Contract	-	-	202.50	19301	|
(d.) 5 Year Contract	-	-	182.25	19302	(N)
(2.) Additional System					(C)
(a.) Month-to-Month	547.00	13201	154.00	13215	(C)
(b.) 1 Year Contract	-	-	203.00	19303	(N)
(c.) 3 Year Contract	-	-	173.00	19304	|
(d.) 5 Year Contract	-	-	166.50	19305	(N)
c. PRI Subscriber Line[2] Transport, Each Airline Mile or Fraction Thereof	-	-	15.00	13472	(C)

Note 1: (Deleted) (D)

(D)

Note 2: The Interoffice Channel Termination charge as specified in Section A25.3.6p. shall also apply. (N)

A10.5 INTEGRATED SERVICES DIGITAL NETWORK - PRIMARY RATE INTERFACE (ISDN-PRI) (Continued)

.7 Rates and Charges (Continued)

c. "B" Channel Configuration

	Nonrecurring Charge	IOSC	Monthly Rate	IOSC	
					(C)
(1.) DID/DIOD[7]	-	-	Note 2	-	
(2.) OutWATS/800[7]	-	-	Note 3	-	
(3.) Switched Data[7]	-	-	Note 4	-	
(4.) Tie Channel, each[7]	-	-	$10.00	13468	
(5.) IC Services Channel, each[7]	-	-	25.00	13177	(C)
(6.) Voice Flat Rate Channel Activation[5,8]					(N)
PRI Quantity: 1-4					
1 Year Contract	-	-	19.50	19309	
3 Year Contract	-	-	16.50	19310	
5 Year Contract	-	-	14.50	19311	
PRI Quantity: 5-9					
1 Year Contract	-	-	18.50	19312	
3 Year Contract	-	-	15.50	19313	
5 Year Contract	-	-	13.50	19314	
PRI Quantity: 10-14					
1 Year Contract	-	-	17.75	19315	
3 Year Contract	-	-	14.50	19316	
5 Year Contract	-	-	13.25	19317	
PRI Quantity: 15-Up					
1 Year Contract	-	-	17.00	19318	
3 Year Contract	-	-	13.50	19319	
5 Year Contract	-	-	13.00	19320	
(7.) Voice/Data Measured Rate Channel Activation[5,8]					
1 Year Contract	-	-	7.00	19306	
3 Year Contract	-	-	6.00	19307	
(8.) Out-of-Calling Scope B Channel Configuration/Activation[6,8]					
All Contract Periods					
Flat Rate Configuration	-	-	45.00	19321	(N)
Measured Rate Configuration	-	-	35.00	19322	

d. Optional Features

	Nonrecurring Charge	IOSC	Monthly Rate	IOSC
(1.) Network Ring Again	ICB	-	ICB	-
(2.) "D" Channel Back-up	ICB	-	ICB	-

e. Database Configuration[7]

	Nonrecurring Charge	IOSC	Monthly Rate	IOSC	
					(C)
(1.) PRI Access, each	200.00	13456	-	-	(C)
(2.) "B" Channel, per type	150.00	13438	-	-	

f. PRI Subsequent Activity Charge (SAC)[8] (All contract terms), per occurrence — 200.00 — 17176 — - — - (N)

Note 1: (Deleted) (D)

Note 2: The applicable rates and charges for the DID/DIOD accessible service are as specified in Section A13 of this tariff. The appropriate charges are the Network Access Register (NAR) as specified in Section A3 for voice only, or monthly usage rates as specified in Section A10.2.5d.(4.), Switched Data Service, for voice and data. The PBX trunk rate does not apply, only the NAR rate applies. (C)

Note 3: The applicable rates and charges for the OutWATS/800 accessible service are as specified in Section A19 of this tariff. The appropriate charges are the monthly usage rates.

Note 4: The applicable rates and charges for the Switched Data accessible service are as specified in Section A10.2 of this tariff. The appropriate charges are the network usage charges. (N)

Note 5: The applicable Voice Flat Rate Channel Activation and/or Voice/Data Measured Rate Channel Activation rate is available to contract term customers only. Customers subscribing to the month-to-month rate shall be charged the applicable Network Access Register (NAR) rate as specified in Section A3.13 of this Tariff. A voice measured data rate is not available under a five-year contract term.

Note 6: When the Out-of-Calling Scope B Channel Configuration rate is applied, the Voice Flat Rate Channel activation (Section A10.5.7c.(6.)) and/or Voice/Data Measured Rate Channel Activation (Section A10.5.7c.(7.) are not applicable. The usage rates as specified in Section A10.2.5d.(4.), Switched Data Service, are the applicable usage rates.

Note 7: Applicable to Month-to-Month customers only.

Note 8: Applicable to Contract Term customers only. (N)

A10. DIGITAL NETWORK SERVICES

A10.5 INTEGRATED SERVICES DIGITAL NETWORK - PRIMARY RATE INTERFACE (ISDN-PRI) (Continued)

.7 Rates and Charges (Continued)

	Nonrecurring Charge	IOSC	Monthly Rate	IOSC	
g. Flat Rate Extended Calling Service, per Switched Facility					(N)
1 year Contract	-	-	$ 120.00	19511	
3 year Contract	-	-	80.00	19512	
5 year Contract	-	-	80.00	19513	(N)

A10.6 DIGITAL (ISDN) SINGLE LINE SERVICE (Continued)

.9 Rate Structure (Continued)

j. A voice/CSD channel can be used for either voice or circuit switched data. If the measured usage option is chosen, all voice/CSD calls will be charged usage rates as specified in Section A10.6.1d.

k. (Deleted)

l. The "B" Packet Switched Data Channel dedicates a "B" channel to packet switched data. If the customer desires that both available "B" channels be dedicated to packet switched data service, then two (2) "B" Packet Switched Data Channel elements are applicable.

m. The "D" Packet Switched Data Channel allows the customer to utilize the "D" channel for packet switched data. A single "D" Packet Switched Data Channel is available independent of the "B" channel configuration.

n. End User charges as specified in the End User Common Access Service Section of GTE Telephone Operating Companies Tariff FCC No. 1 (GTOC #1) apply as appropriate.

o. Presubscription of a Carrier of Preference is specified in Section 6 of the FCC GTOC #1 Tariff and Section E13 of the Intrastate Access Services Tariff. All additional directory numbers will be presubscribed to the same Carrier of Preference as the customer's "primary" directory number. Access to other service providers will be via the 101XXXX access code. (C)
One interexchange carrier must be selected for all telephone numbers associated with the same digital local loop, however, 101XXXX access to other carriers is provided. (C)

p. Caller ID-Number is included in the Digital (ISDN) Single Line Basic Service at no extra charge.

.10 Rates and Charges

a. Nonrecurring Charges

(1.) Unless otherwise noted, applicable Service Charges as described in Section A4 of this Tariff shall not apply.

(2.) The following nonrecurring charge is in addition to any applicable service charges for moves, changes, and/or installation provided for in other sections of this Tariff.

	Nonrecurring Charge	GSEC
(a.) Data Base Change Charge, per hour or fraction thereof	$ 50.00	ISDNRSC 13476

(.1) Change, add, or delete specific feature(s).
(.2) Change, add, or delete Feature Packages.
(.3) Add or delete channels.
(.4) Add or delete directory numbers.

A10. DIGITAL NETWORK SERVICES

A10.6 DIGITAL (ISDN) SINGLE LINE SERVICE (Continued)

.10 Rates and Charges

b. Recurring Charges

(1.) The rates and charges shown herein apply in addition to all other applicable rates and charges shown elsewhere in the Company's Tariffs. (C)(M)[1]

	Monthly Rate	12 Month Rate	36 Month Rate
(a.) Home Digital (ISDN) Single Line Service			
(.1) Residence Single Line	Note 1 (ISDNBRILR) (13257) (ISDNBRILRM) (15730)	Note 1 (ISDNBRILR) (13257) (ISDNBRILRM) (15730)	Note 1 (ISDNBRILR) (13257) (ISDNBRILRM) (15730)
(.2) Measured			
Nonrecurring Charge	$ 200.00 (ISDNACCPKG-IC) (16830)	$ 100.00 (ISDNACCPKG1-IC) (16831)	$ -
Monthly Access (Note 2)	26.50 (ISDNACCPKGR) (16825)	26.50 (ISDNACCPKGR1) (16826)	26.50 (ISDNACCPKGR3) (16827)
Usage (Note 3)	.025/min per channel	.020/min per channel	.015/min per channel
(.3) Flat			
Nonrecurring Charge	200.00 (ISDNACCPKG-IC) (16830)	100.00 (ISDNACCPKG1-IC) (16831)	-
Monthly Access	85.00 (ISDNACCPKGBTFR) (16833)	55.00 (ISDNACCPKGBTFR1) (16828)	35.00 (ISDNACCPKGBTFR3) (16829)
Usage (Note 4)	N/A	N/A	N/A
(b.) Business Digital (ISDN) Single Line Service			
(.1) Business Single Line	Note 1 (ISDNBRILB) (74596) (ISDNBRILBM) (13411)	Note 1 (ISDNBRILB) (74596) (ISDNBRILBM) (13411)	Note 1 (ISDNBRILB) (74596) (ISDNBRILBM) (13411)
(.2) Measured			
Nonrecurring Charge	200.00 (ISDNACCPKG-IC) (16830)	100.00 (ISDNACCPKG1-IC) (16831)	-
Monthly Access (Note 2)	26.50 (ISDNACCPKGB) (16820)	26.50 (ISDNACCPKGB1) (16821)	26.50 (ISDNACCPKGB3) (16822)
Usage (Note 3)	.025/min per channel	.020/min per channel	.015/min per channel
(.3) 400-hour Block of Time			
Nonrecurring Charge	200.00 (ISDNACCPKG-IC) (16830)	100.00 (ISDNACCPKG1-IC) (16831)	-
Monthly Access	85.00 (ISDNACCPKGBTB) (16832)	55.00 (ISDNACCPKGBTB1) (16823)	35.00 (ISDNACCPKGBTB3) (16824)
Usage (Note 4)	Overtime = .025/min per channel	Overtime = .025/min per channel	Overtime = .025/min per channel

Note 1: Appropriate One-Party rate as specified in Section A3 of this Tariff shall apply.
Note 2: Monthly access includes B-voice/switched data on both B-channels.
Note 3: Usage applies to all originating voice/switched data calls terminating within the local calling area. Rates as specified in Section A3.15.3 apply for Extended Calling Service. Rates as specified in Section A18 apply for all originating long distance calls.
Note 4: All originating local and Extended Calling Service voice and switched data calls apply. Rates as specified in Section A18 apply for all originating long distance calls.
Note 5: If the Digital (ISDN) Single Line subscriber elects a Message Rate residence or business line, Message Rate Service Allowances and additional Local Message Charges will not be applicable.
Note 6: Complementary packet services may be ordered from the appropriate tariff. (C)(M)[1]
(DELETED) (M)

(M) Material has been moved to Page 69.1. (D)
(M)[1] Material has been moved to Section A110, Page 1. (N)

(N)

A10. DIGITAL NETWORK SERVICES

A10.6 DIGITAL (ISDN) SINGLE LINE SERVICE (Continued)

.10 Rates and Charges (Continued)

b. Recurring Charges (Continued)

(1.) (Continued)

	Nonrecurring Charge	Monthly Rate	12 Month Rate	36 Month Rate	
(c.) Optional Features					(C)(M)
(.1) B-packet, per channel	$ -	$100.00 (ISDNPKT) (75761)	$100.00 (ISDNPKT) (75761)	$100.00 (ISDNPKT) (75761)	
(.2) D-packet, per channel	-	5.00 (ISDNDPKT) (13113)	5.00 (ISDNDPKT) (13113)	5.00 (ISDNDPKT) (13113)	(C)(M)
(d.) Feature Packages, per line (Home or Business)					
(.1) MBKS Basic Service	$ 25.00 (ISDNMBKSIC) (13428)	$ 6.50 (ISDNMBKS) (13258)	-	-	(N)
(.2) Data 1000	15.00 (ISDNFPIC) (13157)	3.00 (ISDNFP1000) (13156)	-	-	(N)
(.3) Data 2000	15.00 (ISDNFPIC) (13157)	5.00 (ISDNFP2000) (13158)	-	-	(N)
(.4) X.25 Deluxe	15.00 (ISDNX25IC) (13164)	5.00 (ISDNX25EFP) (13165)	-	-	(N)
(e.) Optional Data Feature					
(.1) Data Direct Connect, per line	-	1.00 (ISDNDDC) (13160)	-	-	(N)
(f.) Additional Directory Numbers, each	-	2.00 (ISDNADN) (13102)	-	-	(N)
(g.) (DELETED)					(D)

(DELETED) (D)

(M) Material transferred from Page 69. (N)

A10. DIGITAL NETWORK SERVICES

A10.13 FLEXGROW TRUNK SERVICE (Continued) (N)

.3 Rates and Charges

a. Option 1 - Central Office Based Channelization

	Monthly Rate	IOSC
(1) FlexGrow Trunk Capacity, per DS1 equivalent		
12 Month Contract	$ 300.00	65080
36 Month Contract	220.00	65081
60 Month Contract	160.00	65082
(2) FlexGrow Trunk Service Activation		
(a) Analog Line/Trunk/CentraNet® (without ECS)[1]	10.00	65083
(b) Analog Line/Trunk/CentraNet® (with ECS)[1]	17.00	65217
(c) Digital Data Service		
2.4, 4.8, 9.6, 19.2, 56 Kbps	5.00	65084
64 Kbps	5.00	65085
128 Kbps	10.00	65086
256 Kbps	20.00	65087
384 Kbps	25.00	65088
(d) Frame Relay Service (with Port and Access)[2]		
56 Kbps	30.00	53850
128 Kbps	50.00	53851
256 Kbps	80.00	53852
384 Kbps	105.00	53853 (N)

1 - Customers located in exchanges which have Extended Calling Service (ECS) capability as specified in Section A3.15 of this Tariff have two FlexGrow Trunk Service Activation rate options. The FlexGrow Trunk Service Activation rate with ECS will allow the customer to call his respective ECS exchanges without incurring ECS usage charges as specified in Section A3.15.3; the FlexGrow Trunk Service Activation rate without ECS will allow the ECS customer to call his respective ECS exchanges, however, the ECS usage charges specified in A3.15.3 shall apply. Customers who do not reside in ECS capable exchanges must subscribe to the FlexGrow Trunk Service Activation rate without ECS; and shall incur applicable charges as specified elsewhere in this Tariff. (N)

2 - Includes one PVC, additional PVCs are available at the rates specified in Section A10.9.5 of this Tariff. (N)

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A10. DIGITAL NETWORK SERVICES

A10.13 FLEXGROW TRUNK SERVICE (Continued) (N)

.3 Rates and Charges (Continued)

b. Option 2 - Customer Premises Based Channelization

	Monthly Rate	IOSC
(1) FlexGrow Trunk Capacity, per DS1 equivalent		
12 Month Contract	$ 350.00	65089
36 Month Contract	280.00	65090
60 Month Contract	250.00	65091
(2) FlexGrow Trunk Service Activation		
(a) Analog Line/Trunk/CentraNet® (without ECS)[1]	20.00	65092
(b) Analog Line/Trunk/CentraNet® (with ECS)[1]	28.00	65218
(c) Digital Data Service		
2.4, 4.8, 9.6, 19.2, 56 Kbps	20.00	65093
64 Kbps	20.00	65094
128 Kbps	25.00	65095
256 Kbps	35.00	65096
384 Kbps	40.00	65097
(d) Frame Relay Service (with Port and Access)[2]		
56 Kbps	40.00	53854
128 Kbps	65.00	53855
256 Kbps	95.00	53856
384 Kbps	120.00	53857
(e) Frame Relay Service (with Port and Access) Activation[3] Includes Company Provided Frame Relay Assembly/Disassembly (FRAD) Service.[4]		
56 Kbps	80.00	53858
128 Kbps	125.00	53859
256 Kbps	155.00	53860
384 Kbps	180.00	53861
c. 100 Number Block for DID for either Option 1 or Option 2, each Block[4]	40.00	65212
d. Service Order Charge for moves, additions or changes, per Order[5]	150.00	65211 (N)

(N)

[1] - Customers located in exchanges which have Extended Calling Service (ECS) capability as specified in Section A3.15 of this Tariff have two FlexGrow Trunk Service Activation rate options. The FlexGrow Trunk Service Activation rate with ECS will allow the customer to call his respective ECS exchanges without incurring ECS usage charges as specified in Section A3.15.3; the FlexGrow Trunk Service Activation rate without ECS will allow the ECS customer to call his respective ECS exchanges, however, the ECS usage charges specified in A3.15.3 shall apply. Customers who do not reside in ECS capable exchanges must subscribe to the FlexGrow Trunk Service Activation rate without ECS; and shall incur applicable charges as specified elsewhere in this Tariff.

[2] - Includes one PVC, additional PVCs are available at the rates specified in Section A10.9.5 of this Tariff.

[3] - Some technical restrictions may apply.

[4] - DID rates as specified in Section A13.20 of this Tariff are not applicable in addition to this rate. (N)

[5] - Service charges as specified in Section A4.7 are not applicable in addition to this charge.

(N)

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A12. CENTRAL OFFICE NON-TRANSPORT SERVICE OFFERINGS

A12.6 CentraNet[R] Service/Digital (ISDN) CentraNet[R] Service (Continued)

.9 Rates and Charges (Continued)

c. Recurring

(1.) The rates and charges shown herein apply in addition to all other applicable rates and charges shown elsewhere in the Company's Tariffs. Calls made to Extended Calling Service (ECS) exchanges will be billed appropriate rates as specified in Section A3.15.

(2.) Wire Center Line Charge

The wire center line line is the two-wire facility which extends from a central office to a point of demarcation at the customer's location.

(a.) Analog/Digital Wire Center Line

	Monthly Rate	GSEC
Month-to-Month		
2-25 stations, per line	$ 12.00	CEN25W, ISDN25W
26-50 stations, per line	11.50	CEN50W, ISDN50W
12-Month Contract		
2- 25 stations, per line	11.50	CEN25W12, ISDN25W12
26- 50 stations, per line	11.25	CEN50W12, ISDN50W12
51-100 stations, per line	11.00	CEN100W12, ISDN100W12
101-200 stations, per line	10.50	CEN200W12, ISDN200W12
201-500 stations, per line	10.50	CEN500W12, ISDN500W12
501-750 stations, per line	10.50	CEN750W12, ISDN750W12
751+ stations, per line	10.50	CENLRGW12, ISDNLRGW12
36-Month Contract		
2- 25 stations, per line	11.25	CEN25W36, ISDN25W36
26- 50 stations, per line	11.00	CEN50W36, ISDN50W36
51-100 stations, per line	10.50	CEN100W36, ISDN100W36
101-200 stations, per line	10.25	CEN200W36, ISDN200W36
201-500 stations, per line	10.00	CEN500W36, ISDN500W36
501-750 stations, per line	9.75	CEN750W36, ISDN750W36
751+ stations, per line	9.50	CENLRGW36, ISDNLRGW12
60-Month Contract		
51-100 stations, per line	10.25	CEN100W60, ISDN100W60
101-200 stations, per line	10.00	CEN200W60, ISDN200W60
201-500 stations, per line	9.75	CEN500W60, ISDN500W60
501-750 stations, per line	9.50	CEN750W60, ISDN750W60
751+ stations, per line	9.25	CENLRGW60, ISDNLRGW60
84-Month Contract		
51-100 stations, per line	10.00	CEN100W84, ISDN100W84
101-200 stations, per line	9.75	CEN200W84, ISDN200W84
201-500 stations, per line	9.50	CEN500W84, ISDN500W84
501-750 stations, per line	9.25	CEN750W84, ISDN750W84
751+ stations, per line	9.00	CENLRGW84, ISDNLRGW84

(D)

(b.) (Deleted) (D)

(c.) Total system size will be a combination of Analog and Digital Service lines. Each service line is associated with the appropriate wire center line (i.e., analog service line with an analog wire center line). An example is:

Customer requests 50 stations split evenly between Analog CentraNet® and Digital (ISDN) CentraNet®, 12-month contract:

25 Analog stations = 25 Analog lines
25 Digital (ISDN) stations = 25/2 = 12.5 = 13 Digital (ISDN) lines
[Each Digital (ISDN) CentraNet® line supports 2 stations]

Total System (Analog + Digital) = 38 lines (50 stations)

Price wire center line charge using "26-50 stations" range since total system is 50 stations:

12-Month Contract, 26-50 stations, Analog = ($4.00/line)(25 lines) = $100.00
12-Month Contract, 26-50 stations, Digital = ($16.25/line)(13 lines) = $211.25

Other rates elements will apply as required.

(Deleted) (D)

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A12. CENTRAL OFFICE NON-TRANSPORT SERVICE OFFERINGS

A12.6 CentraNet[R] Service/Digital (ISDN) CentraNet[R] Service (Continued) (C)

.9 Rates and Charges (Continued) (T)

c. Recurring (Continued) (C)

(3.) Service Line Type

The following rates apply during the contract period and until the service is discontinued. (M)

	Nonrecurring Charge	GSEC	Monthly Rate	GSEC
(a.) Analog CentraNet[R] Service				
Month-to-Month Main Station, per line	$ 15.00	CEN MSLIC	$ 4.00	CEN MSL, CEN MSL LCP3
12, 36, 60 and/or 84 Months Contract				
Analog CentraNet[R] Service, per line	-	-	4.00	CEN MSL, CEN MSL LCP3
(b.) Digital (ISDN) CentraNet[R] Service				
Month-to-Month Access, per line	50.00	ISDN ACCIC	16.25	ISDN*ACC, ISDN*ACC*LCP3
12, 36, 60 and/or 84 Months Contract				
Digital (ISDN), CentraNet[R] Service, per line	-	-	16.25	ISDN*ACC, ISDN ACC*LCP3

(C)(M)

(N)

(c.) Digital (ISDN) CentraNet[R] Service Channel Capability

With each Digital (ISDN) CentraNet[R] Service Line, the customer has two B-channels and one D-channel. The following options apply:

	Monthly Rate	GSEC
(.1) B-Voice, per line	$ 2.00	ISDNBVL
(.2) B-Voice/CSD, per line*	12.50	ISDNBVCSDL
(.3) B-Packet, per channel	100.00	ISDNPKT
(.4) D-Packet, per channel	5.00	ISDNDPKT

* In addition, Measured Usage Rates apply for data calls as specified in Section A10.2 of this Tariff. (N)

(M) Material previously appeared on Page 20. (N)

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A12. CENTRAL OFFICE NON-TRANSPORT SERVICE OFFERINGS

A12.11 Multilocation CentraNet® Service (Continued) (N)

.5 Rates and Charges

a. Location Code/Extension Dialing Plan

		Nonrecurring Charge(1)	GSEC	Monthly Rate(2) Per Customer	GSEC
(1)	Service Establishment (Per Customer)				
	2- 25 Stations	$120.00	MLCN25GLCNRC	-	-
	26- 50 Stations	147.00	MLCN50GLCNRC	-	-
	51-100 Stations	175.00	MLCN100GLCNRC	-	-
	101-200 Stations	220.00	MLCN200GLCNRC	-	-
	201-500 Stations	275.00	MLCN500GLCNRC	-	-
	501-750 Stations	342.00	MLCN750GLCNRC	-	-
	751+ Stations	420.00	MLCNLRGLCNRC	-	-
(2)	Month-to-Month Contract				
	2-25 Stations	-	-	$ 25.00	MLCN25GLC
	26-50 Stations	-	-	35.00	MLCN50GLC
(3)	12 Months Contract				
	2- 25 Stations	-	-	20.00	MLCN25G12LC
	26- 50 Stations	-	-	30.00	MLCN50G12LC
	51-100 Stations	-	-	50.00	MLCN100G12LC
	101-200 Stations	-	-	75.00	MLCN200G12LC
	201-500 Stations	-	-	90.00	MLCN500G12LC
	501-750 Stations	-	-	105.00	MLCN750G12LC
	751+ Stations	-	-	120.00	MLCNLRG12LC
(4)	36 Months Contract				
	2- 25 Stations	-	-	15.00	MLCN25G36LC
	26- 50 Stations	-	-	25.00	MLCN50G36LC
	51-100 Stations	-	-	45.00	MLCN100G36LC
	101-200 Stations	-	-	70.00	MLCN200G36LC
	201-500 Stations	-	-	85.00	MLCN500G36LC
	501-750 Stations	-	-	100.00	MLCN750G36LC
	751+ Stations	-	-	115.00	MLCNLRG36LC
(5)	60 Months Contract				
	51-100 Stations	-	-	40.00	MLCN100G60LC
	101-200 Stations	-	-	65.00	MLCN200G60LC
	201-500 Stations	-	-	80.00	MLCN500G60LC
	501-750 Stations	-	-	95.00	MLCN750G60LC
	751+ Stations	-	-	110.00	MLCNLRG60LC
(6)	84 Months Contract				
	51-100 Stations	-	-	35.00	MLCN100G84LC
	101-200 Stations	-	-	60.00	MLCN200G84LC
	201-500 Stations	-	-	75.00	MLCN500G84LC
	501-750 Stations	-	-	90.00	MLCN750G84LC
	751+ Stations	-	-	105.00	MLCNLRG84LC
(7)	Additions or Changes				
	- per location	57.50	MLCN CHANGE		
	- per Change to Dialing Plan				
	First 25 Numbers	48.00	MLCN CHANGE25		
	Each Add'l. Number	.80	MLCN CHANGEADDL		

Note 1: In addition to appropriate Service Charges as specified in Section A4 of this Tariff.

Note 2: In addition to the monthly rates for the CentraNet® Service in this Tariff.

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A12. CENTRAL OFFICE NON-TRANSPORT SERVICE OFFERINGS

A12.11 Multilocation CentraNet® Service (Continued) (N)

.5 Rates and Charges (Continued)

b. Portable Extension Dialing Plan

		Nonrecurring Charge[1]	GSEC	Monthly Rate[2] Per Customer	GSEC
(1)	Service Establishment (Per Customer)				
	2- 25 Stations	$120.00	MLCN25GPENRC	-	-
	26- 50 Stations	147.00	MLCN50GPENRC	-	-
	51-100 Stations	175.00	MLCN100GPENRC	-	-
	101-200 Stations	220.00	MLCN200GPENRC	-	-
	201-500 Stations	275.00	MLCN500GPENRC	-	-
	501-750 Stations	342.00	MLCN750GPENRC	-	-
	751+ Stations	420.00	MLCNLRGPENRC	-	-
(2)	Month-to-Month Contract				
	2-25 Stations	-	-	$ 25.00	MLCN25GPE
	26-50 Stations	-	-	35.00	MLCN50GPE
(3)	12 Months Contract				
	2- 25 Stations	-	-	20.00	MLCN25G12PE
	26- 50 Stations	-	-	30.00	MLCN50G12PE
	51-100 Stations	-	-	50.00	MLCN100G12PE
	101-200 Stations	-	-	75.00	MLCN200G12PE
	201-500 Stations	-	-	90.00	MLCN500G12PE
	501-750 Stations	-	-	105.00	MLCN750G12PE
	751+ Stations	-	-	120.00	MLCNLRG12PE
(4)	36 Months Contract				
	2- 25 Stations	-	-	15.00	MLCN25G36PE
	26- 50 Stations	-	-	25.00	MLCN50G36PE
	51-100 Stations	-	-	45.00	MLCN100G36PE
	101-200 Stations	-	-	70.00	MLCN200G36PE
	201-500 Stations	-	-	85.00	MLCN500G36PE
	501-750 Stations	-	-	100.00	MLCN750G36PE
	751+ Stations	-	-	115.00	MLCNLRG36PE
(5)	60 Months Contract				
	51-100 Stations	-	-	40.00	MLCN100G60PE
	101-200 Stations	-	-	65.00	MLCN200G60PE
	201-500 Stations	-	-	80.00	MLCN500G60PE
	501-750 Stations	-	-	95.00	MLCN750G60PE
	751+ Stations	-	-	110.00	MLCNLRG60PE
(6)	84 Months Contract				
	51-100 Stations	-	-	35.00	MLCN100G84PE
	101-200 Stations	-	-	60.00	MLCN200G84PE
	201-500 Stations	-	-	75.00	MLCN500G84PE
	501-750 Stations	-	-	90.00	MLCN750G84PE
	751+ Stations	-	-	105.00	MLCNLRG84PE
(7)	Additions or Changes				
	- per location	57.50	MLCN CHANGE		
	- per Change to Dialing Plan				
	First 25 Numbers	48.00	MLCN CHANGE25		
	Each Add'l. Number	.80	MLCN CHANGEADDL		

Note 1: In addition to appropriate Service Charges as specified in Section A4 of this Tariff.

Note 2: In addition to the monthly rates for the CentraNet® Service line in this Tariff.

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A12.11 Multilocation CentraNet® Service (Continued)

.5 Rates and Charges (Continued)

c. Intercom Calling
(Per Dialing Plan Number)

	Monthly Rate Per Line[1]	GSEC
(1) Month-to-Month Contract		
2-25 Stations	$ 2.75	MLCN25GIC
26-50 Stations	2.50	MLCN50GIC
(2) 12 Months Contract		
2- 25 Stations	2.50	MLCN25G12IC
26- 50 Stations	2.25	MLCN50G12IC
51-100 Stations	2.00	MLCN100G12IC
101-200 Stations	1.75	MLCN200G12IC
201-500 Stations	1.60	MLCN500G12IC
501-750 Stations	1.45	MLCN750G12IC
751+ Stations	1.30	MLCNLRG12IC
(3) 36 Months Contract		
2- 25 Stations	2.25	MLCN25G36IC
26- 50 Stations	2.00	MLCN50G36IC
51-100 Stations	1.75	MLCN100G36IC
101-200 Stations	1.50	MLCN200G36IC
201-500 Stations	1.40	MLCN500G36IC
501-750 Stations	1.29	MLCN750G36IC
751+ Stations	1.19	MLCNLRG36IC
(4) 60 Months Contract		
51-100 Stations	1.50	MLCN100G60IC
101-200 Stations	1.25	MLCN200G60IC
201-500 Stations	1.18	MLCN500G60IC
501-750 Stations	1.13	MLCN750G60IC
751+ Stations	1.08	MLCNLRG60IC
(5) 84 Months Contract		
51-100 Stations	1.30	MLCN100G84IC
101-200 Stations	1.15	MLCN200G84IC
201-500 Stations	1.09	MLCN500G84IC
501-750 Stations	1.03	MLCN750G84IC
751+ Stations	.97	MLCNLRG84IC

d. Access to Private Facilities (N)
(Per Access Code)

	Nonrecurring Charge	GSEC	Monthly Rate[1]	GSEC
(1) Month-to-Month	$ 320.00	MLCN APFMNRC	$ 65.00	MLCN APFM
(2) 12 Months Contract	160.00	MLCN APF12NRC	60.00	MLCN APF12
(3) 36 Months Contract	55.00	MLCN APF36NRC	55.00	MLCN APF36
(4) 60 Months Contract	35.00	MLCN APF60NRC	50.00	MLCN APF60
(5) 84 Months Contract	25.00	MLCN APF84NRC	45.00	MLCN APF84
(6) Additions or Changes: Subsequent additions or changes of access codes, per access code	90.00	MLCN APFNRC	-	-

e. Work-at-Home

	Nonrecurring Charge	GSEC	Monthly Rate	GSEC
Per Employee Telephone Line Equipped	50.00	MLCN WAHNRC	5.00	MLCN WAHM (N)

Note 1: In addition to monthly rates for the CentraNet® Service.

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A13. MISCELLANEOUS SERVICE ARRANGEMENTS

A13.20 DID and IOD SERVICE (Continued)

.1 Direct-In-Dialing (DID) to Customer-Premises Located Switching Systems (Continued)

.b Rates and Charges

(1) Direct-In-Dialing Station Numbers[1]

	Installation Charge	Monthly Rate	
(a.) DID Service, 80 Numbers or Less			
(.1) Establish First Trunk Group and Provide First 20 DID Numbers[2]	$550.00	$100.00	
(.2) Each Additional Group of 20 DID Numbers[2,3]	20.00	100.00	
(b.) DID Service, 200 Numbers or Less			
(.1) First 100 DID Station Numbers	550.00	440.00	
(.2) Second 100 DID Station Numbers			
a) Establish Entire Second 100 DID Number Group	440.00	357.50	
b) Establish Multiples of 20 DID Numbers			
1) For the first 20 DID Numbers[2]	440.00	80.00	
2) Each additional group of 20 DID numbers[2,3]	20.00	80.00	
(c.) DID Service, Each Additional 100 DID Station Numbers Over 200	55.00	44.00	
(d.) DID Reserve Numbers			
(.1) Per Block of 100 Numbers	55.00	44.00	
(e.) DID Service Term Contracts			(N)
(.1) Per Block of 20 DID Numbers[2]			
a) 1-Year Contract	-	20.00	
b) 3-Year Contract	-	8.00	
(.2) Per Block of 100 DID Numbers			
a) 1-Year Contract	-	40.00	
b) 3-Year Contract	-	20.00	
c) 5-Year Contract	-	15.00	
(f.) DID Reserve Numbers, Term Contracts			
(.1) Per Block of 100 DID Reserved Numbers			
a) 1-Year Contract	-	40.00	
b) 3-Year Contract	-	20.00	
c) 5-Year Contract	-	15.00	(N)
(g.) DID Block of One Number	20.00 (17410-NRC)	5.00 (17410)	(T)

NOTE 1: The above rates and charges are in addition to the rates and charges for other services or facilities with which this service is associated.

NOTE 2: Service is furnished subject to the availability of appropriately equipped central offices.

NOTE 3: Installation charge applicable only on subsequent installation.

A13. MISCELLANEOUS SERVICE ARRANGEMENTS

A13.20 DID and IOD SERVICE (Continued)

.3 Identified-Outward-Dialing (IOD) from Customer-Premises Located Switching Systems (Continued)

.b Rates

(1) Identified-Outward-Dialing Service	Installation Charge	Monthly Rate	3-Year Termination Charge
(a) First 10 trunks in a group with a minimum charge of 10 trunks, including a data link	$550.00	$308.00	$6,000.00
(b) Eleventh trunk and each subsequent trunk in a group, per trunk	55.00	30.80	600.00

NOTE: The above rates and charges are in addition to the rates and charges for other service or facilities with which this service is associated.

.4 Direct Inward/Outward Dialing (DIOD) Service

a. General

(1) Direct Inward/Outward Dialing (DIOD) Service is a central office based service that permits incoming calls to reach customer-provided equipment, without the assistance of an attendant, and allows the trunk to be used to place outgoing calls. Rotary hunt does not apply.

b. Conditions

(1) The assignment of telephone numbers and the sequence of numbers to a customer are made at the discretion of the Company. All terms and conditions pertaining to DID service are applicable to DIOD service.

(2) This service is subject to the availability of existing equipment and facilities.

(3) CentraNet● Services are exempt from this offering.

(4) Trunks arranged for DIOD service may not be combined with trunk groups arranged to provide DID service. Overflow of calls between the two arrangements is not permitted.

(5) Where the DIOD service is provided from a different central office area of the serving exchange, interoffice channel charges as specified in Section A9.2 of this Tariff will apply.

(6) Where the DIOD service is provided from a different exchange area, the interoffice channel and usage charges as specified in Section A9.1 of this Tariff apply for each interexchange channel.

(7) Customers are required to subscribe/use current trunks as the basic access piece of DIOD trunks using the existing tariff rate. The DIOD functionality rate element is an adder to the existing trunk rate(s).

(8) The customer is responsible for providing intercept on assigned unused telephone numbers associated with DIOD service.

c. Rates

(1) DIOD Rates	Monthly Rate	IOSC	Nonrecurring* Charge	IOSC
Per Trunk - Month-to-Month	$ 8.00	22200	$ 95.00	22203
Per Trunk - One-Year Term	5.00	22201	95.00	22203
Per Trunk - Three-Year Term	4.00	22202	95.00	22203

* The nonrecurring charge is applicable on the initial service request. The DID Installation Charges as specified in Section A13.20.1b. of this Tariff are not applicable in addition to this charge; however, the Service Charges as specified in Section A4 are applicable. On subsequent service requests, applicable service charges shall apply. (C)

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A18.10 GTE DISCOUNT CALLING PLANS (Continued)

A18.10.8 GTE Total Solutions

.1 General

a. GTE Total Solutions is an optional 1+, 0+ and 0-Intrastate IntraLATA Long Distance Message Telecommunications Service offered only to business customers in GTE Florida Incorporated exchanges.

GTE Total Solutions provides business customers with incentives encouraging term and volume commitments on GTE Long Distance, CentraNet® Service/Digital (ISDN) CentraNet®, Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI), Business Main Stations Arranged for Rotary Service, Digital Facility Service, and other products and services not regulated (C) by the Florida Public Service Commission.

.2 Regulations

a. (1) Discounts are provided on GTE Long Distance Message Telecommunications Service IntraLATA calls to exchanges within the customer's LATA and on the local loop services identified in .1 preceding. The discounts apply when the customer meets and/or exceeds the following requirements:

- minimum of 3 Business Flat Rate Main Stations Arranged with Rotary Service or
- minimum of 3 CentraNet® Service Digital (ISDN) CentraNet® Service Network Access Registers (NARs) or
- minimum of 3 PBX Trunks or
- minimum of 3 ISDN-PRI NARs or
- minimum of 3 Digital Facility NARs (C)
- (Deleted) (D)

and

- average monthly GTE Long Distance usage of $5.00 per Main Station Arranged with Rotary Service and/or per CentraNet®/Digital (ISDN) CentraNet® NAR or $20.00 per PBX Trunk, ISDN-PRI NAR, and/or Digital Facility Service NAR.

(2) If the customer's "Actual Total Monthly GTE Long Distance Usage" does not meet or exceed the "average minimum monthly GTE Long Distance usage" as described above the customer will be billed the difference between the actual and average minimum monthly GTE Long Distance Usage.

An example is:

- Customer has 3 Main Stations Arranged with Rotary and commits to an average minimum monthly GTE Long Distance usage of $5.00 per station and signs a one (1) year Term Period agreement: 3 x $5.00 = $15.00

- Customer's Actual Total Monthly GTE Long Distance Usage for all three stations is only $3.00.

- Customer will be billed a minimum differential of $12.00 ($15.00 minus $3.00)

- The Volume Discounts as specified in A18.10.8.5a. will be applied to the customer's Actual Total Monthly GTE Long Distance Usage, i.e., [$3.00 less 10% (1 year discount for $0 - $24.99) = $.30]. The customer will be billed actual discounted usage of $2.70 plus the minimum differential:

$ 3.00	
-.30	
$ 2.70	Actual usage less appropriate discount %
+12.00	minimum differential
$14.70	GTE Total Solutions Usage

(3) GTE Total Solutions is applicable to all Rate Periods messages:

Customer Dialed Direct Station-to-Station
Customer Dialed Calling Card Station-to-Station
Operator Assisted Dialed Station-to-Station
Person-to-Person Station-to-Station

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A18. LONG DISTANCE MESSAGE TELECOMMUNICATIONS SERVICE

A18.10 GTE DISCOUNT CALLING PLANS (Continued)

A18.10.8 GTE Total Solutions (Continued)

.2 Regulations (Continued)

b. GTE Total Solutions Multi-tenant Plan

(1) The Multi-tenant plan is available for use in an environment serving multiple business tenants located in a building or buildings on the same continuous or contiguous properties. The property area for each Multi-tenant plan must be specifically identified and under the control of a single owner or management unit. Multi-tenant service shall be offered at the sole discretion of GTE Florida Incorporated.

(2) Each tenant in the multi-tenant environment subscribing to business exchange service as specified in Section A3 of this Tariff has the option of subscribing to a one-year, three-year, or a five-year plan. The one-year plan provides the tenants with a 30% discount off their monthly GTE long distance charges. The three-year or five-year plan provides the tenants with a 40% discount off their monthly toll charges. The early termination charge for this offer will be $50 for the one-year plan and $150 for the three-year or five-year plan.

c. The minimum service period for GTE Total Solutions is one year (12 months).

d. The application of time-of-day rates is as specified in Section A18.5.1.8 of this Tariff. Sub-minute rating will be utilized for the timing and rating of GTE Total Solutions messages. Sub-minute rating consists of the initial 18 seconds of the first minute rated at the appropriate initial period rate and then each increment of 6 seconds thereafter is rated at the appropriate additional period rate. Rates shown in the following table are applicable for the GTE Total Solutions messages.

(1) Rate table for GTE Total Solutions messages:

Rate Mileage	Peak: Initial 18 Seconds	Peak: Each Additional 6 Second Increment
0 - 10	.057	.019
11 - 22	.057	.019
23 - 55	.057	.019
56 - 124	.057	.019

Rate Mileage	Off-Peak: Initial 18 Seconds	Off-Peak: Each Additional 6 Second Increment
0 - 10	.033	.011
11 - 22	.033	.011
23 - 55	.033	.011
56 - 124	.033	.011

.3 Application of Discounts

a. The discounts are provided to the Company's customer only and shall not be used for any purpose for which a payment or other compensation shall be received by the customer from any other person, firm or corporation for such use. Therefore, GTE Total Solutions is not available for resale.

b. GTE Total Solutions discounts apply to the monthly rate for the following local loop services:

Business Flat Rate Main Stations Arranged for Rotary Service (A3.2.1a.)
CentraNet* NAR (A3.13, A12.6)
PBX Trunks (A3.3.4)
ISDN-PRI NAR (A3.13, A10.5)
(Deleted) (D)
Digital Facility NAR (A3.13, A25.11)

GTE Total Solutions Discount percentages apply to the message toll portion of the call and to the Operator Assisted Services Charges, if applicable.

c. These discounts are applicable to the GTE Total Solutions only and do not apply to any other Company offered plan.

d. The discount percentages apply to all Rate Periods messages.

* - A Service Mark of GTE

A18.10 GTE DISCOUNT CALLING PLANS (Continued)

A18.10.8 GTE Total Solutions (Continued)

.4 Term Periods

a. A customer may select a Term Period of one, three or five years for GTE Total Solutions. The Term Periods allow a customer to take advantage of higher discount percentages on their toll usage volumes when he/she commits to a three-year or five-year term period.

b. The customer must specify the Term Period at the time GTE Total Solutions is ordered. The Term Period selected must be the same length for the local loop service and the GTE Long Distance.

c. During a Term Period, the customer may elect to convert to a new Term Period of the same or different length. Conversion to a new Term Period will be allowed without penalty if the expiration date of the new Term Period is greater than the remainder of the original Term Period.

d. Early Termination Charges

(1) Local Loop Services

Should the customer terminate his/her agreement on CentraNet® NARs, ISDN-PRI NARs, Business Flat Rate Main Stations Arranged for Rotary Service, or Digital Facility NARs (C) prior to the expiration date, the customer shall pay 90% of the rates and charges as specified in his/her agreement for the minimum quantity in the agreement for the remaining life of the Term Period. Specific rates for the local loop services identified above are as specified in their respective Sections of this Tariff.

(2) Intrastate IntraLATA Messages

In the event GTE Total Solutions is terminated by the business customer prior to completion of the initial one-year, two-year, three-year or five-year Term Period, the customer shall be liable for the Early Termination Charge. The customer shall be required to make the immediate payment of the following applicable amount:

Term Period	Early Termination Charge	IOSC
One-Year Term	$100.00	4692
Two-Year Term	200.00	19159
Three-Year Term	300.00	4693
Five-Year Term	300.00	4694
Multi-Tenant One-Year Term	50.00	84886
Multi-Tenant Three-Year Term	150.00	84887
Multi-Tenant Five-Year Term	150.00	84889

.5 Volume Discounts

a. Business customers who subscribe to GTE Total Solutions will receive the following discounts on all toll usage billed for the month when their monthly toll usage exceeds:

Monthly Toll Usage Volume	1-Year Discount	2-Year Discount	3-Year Discount	5-Year Discount	Multi-Tenant 1-Year Disc.	Multi-Tenant 3-Year Disc.	Multi-Tenant 5-Year Disc.
$ 0 - 24.99	10%	15%	20%	15%	30%	40%	40%
$ 25.00 - 99.99	15%	20%	25%	20%	30%	40%	40%
$100.00 - 199.99	20%	25%	30%	25%	30%	40%	40%
$200.00 and Over	25%	30%	35%	30%	30%	40%	40%

b. Or Business Customers who have executed a Long Distance contract with GTE shall pay the rates as specified per the contract.

c. No Service Charges, as specified in Section A4 of this Tariff, will apply when subscribing to GTE Total Solutions.

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A18.10 GTE DISCOUNT CALLING PLANS (Continued)

A18.10.9 GTE Easy Savings Flat Rate Plan for Business

.1 General

a. GTE Easy Savings Flat Rate Plan for Business is an optional 1+, 0+ and 0- Intrastate IntraLATA Long Distance Message Telecommunications Service offered only to business customers in GTE Florida Incorporated exchanges.

.2 Regulations

a. GTE Easy Savings Flat Rate Plan for Business offers flat rate pricing, 24 hours a day, 7 days a week to business customers. The billing options available are a month-to-month or a 1, 2, or 3-year contract. Calls will be billed in 60 second increments. There is a monthly recurring charge for the GTE Easy Savings Flat Rate Plan for Business. There is no nonrecurring charge with this billing option.

b. The GTE Easy Savings Flat Rate Plan for Business applies to the following calls:

Customer Dialed Direct Station-to-Station
Customer Dialed Calling Card Station-to-Station
800/877/888 Toll Free (C)
Operator Assisted Station-to-Station
Operator Assisted Calling Card Station-to-Station
Operator Assisted Person-to-Person

Directory Assistance, operator handled, and calling card surcharges are excluded from this offer.

c. The customer must specify the term period at the time the GTE Easy Savings Flat Rate Plan for Business is ordered. During a term period, the customer may elect to convert to a new term period of the same or different length, or to another GTE Discount Calling Plan. Conversion to a new term plan or another GTE Discount Calling Plan will be allowed without penalty if the new term period is greater than the remainder of the original term period.

d. Early Termination Charges will apply in the event the GTE Easy Savings Flat Rate Plan for Business is terminated by the customer prior to completion of the term period. The customer will be liable for the remainder of the months selected in the GTE Easy Savings Flat Rate Plan for Business.

e. The minimum service period for GTE Easy Savings Flat Rate Plan for Business is one month.

.3 Rates and Charges

a. Per Minute of Use:

	Monthly Rate	IOSC	Per Minute
Month-to-Month	$ 5.00	19161	$ .18
1 Year Term	5.00	19162	.17
2 Year Term	5.00	19163	.16
3 Year Term	5.00	19164	.15

b. Early Termination Charge - $25.00 times the number of months remaining in the term period selected.

A25.4 Digital Facility Service (Continued)

.5 Application of Rates (Continued)

j. A Termination Liability Charge will be calculated based on the sum of the monthly payments remaining under the customer's Term Payment Plan, adjusted to the net present value at the date of termination, based upon a 12% APR discount. The Termination Liability Charge is due in full at the date of termination.

k. Should customers request interconnection between different Digital Facility Services provisioned in two or more different local serving offices, 1.544 Interoffice Channel mileage and Interoffice Channel Termination as specified in Section A25.3 of this Tariff will apply. This charge will apply in addition to Digital Facility Service charges for each premises for which Digital Facility Service is provisioned.

.6 Rates and Charges

a. Nonrecurring Charges

(1.) Nonrecurring charges are one time charges that apply for specific work activity, (i.e., installation of service or change to an existing service). The types of nonrecurring charges that apply for Digital Facility Service are those listed below.

(a.) Service Change Charge. This charge is applied per Digital Facility service payment plan and is associated with a customer request for modifications to an existing Digital Facility Service. This would include activities such as, but not limited to:

- Change of associated channel assignment.
- Additions of supplemental features.
(Deleted) (D)
- Activate/Deactivate Network Service Activations. (C)

(b.) Installation of Digital Facility Service. These are nonrecurring charges associated with the work performed by the Company in connection with the physical installation activities involving central office and/or outside plant facilities. These charges apply at initial installation and for additions to existing service.

In addition to these charges, the appropriate Service Ordering Charge will apply.

(c.) Service Ordering Charges:

		Nonrecurring Charge	GSEC
(.1)	Service Change Charge, per Digital Facility Service, each (increment of DS1 or DS3 facility)	$ 150.00	DCSSCC
(.2)	Premises Visit Charge, per visit	35.00	DCSPVC

b. Digital Facility Capacity

The monthly and nonrecurring rates for Digital Facility Capacity without Activated Services are as follows:

(1) Per System

36 Months		GSEC	
1st DS1 Facility (24 DS0 Channels)			
Nonrecurring Charge	$ 580.00	24SC-IC	
Monthly Rate	270.00	24SC36	
Each Additional DS1 Facility (24 DS0 Channels)			
Nonrecurring Charge	440.00	24SCA-IC	(C)
Monthly Rate	250.00	24SCA36	
DS3 Facility (28 DS1 Channels)			
1-3 DS3 Facilities			
Nonrecurring Charge	2,500.00	672SC-IC	
Monthly Rate	3,200.00	672SC36	
4 or more DS3 Facilities	ICB		

A25.4 Digital Facility Service (Continued)

.6 Rates and Charges (Continued)

b. Digital Facility Capacity (Continued)

(1) Per System (Continued)

60 Months		GSEC
1st DS1 Facility (24 DS0 Channels)		
Nonrecurring Charge	$ 580.00	24SC-IC
Monthly Rate	220.00	24SC60
Each Additional DS1 Facility (24 DS0 Channels)		
Nonrecurring Charge	440.00	24SCA-IC
Monthly Rate	200.00	24SCA60
DS3 Facility (28 DS1 Channels)		
1-3 DS3 Facilities		
Nonrecurring Charge	2,500.00	672SC-IC
Monthly Rate	3,000.00	672SC60
4 or more DS3 Facilities	ICB	
84 Months		
1st DS1 Facility (24 DS0 Channels)		
Nonrecurring Charge	580.00	24SC-IC
Monthly Rate	200.00	24SC84
Each Additional DS1 Facility (24 DS0 Channels)		
Nonrecurring Charge	440.00	24SCA-IC
Monthly Rate	185.00	24SCA84
DS3 Facility (28 DS1 Channels)		
1-3 DS3 Facilities		
Nonrecurring Charge	2,500.00	672SC-IC
Monthly Rate	2,800.00	672SC84
4 or more DS3 Facilities	ICB	

c. Network Service Activations - Per Network Service

(1.) Analog Service

	Monthly Rate	GSEC	
(a.) Access Line[1]	$ 6.00	SA 1B SA 1BLCP3	(C)
(Deleted)			
(b.) PBX Trunk[1]	11.50	SA TRK SA TRKLCP3 (Deleted) (Deleted)	(C)(R)
(Deleted)			
(c.) CentraNet[R] Station Line			(C)
Under 100 Lines	12.50	SA CN	
100+ Lines	11.00	SA CN100	
(d.) Foreign Exchange	18.00	SA FX	
(e.) Off-Premises Extension	18.00	SA XL	
(f.) Private Line	18.00	SA 2VL, SA 2VJ, (Deleted) (Deleted) SA 4VL, SA 4VJ, (Deleted) SA DCSINTRA SA DCSINTER	

[1] - The applicable Network Access Register (NAR) charge as specified in Section A3.13 is in addition to this charge.
(Deleted) (D)
(D)

[R] - Registered Trademark of GTE

NEFCOM

Northeast Florida Telephone Company, Inc.

A Company of NEFCOM, Inc.

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Received

APR 26 1999

Research and Regulatory Review Division

April 22, 1999

Ms. Kathy Lewis
Division of Research and Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872

RE: FPSC's First Data Request on Fresh Look Policy
Docket No. 980253-TX

Dear Ms. Lewis:

Enclosed are the responses of Northeast Florida Telephone Company, Inc. to the Florida Public service Commission's First Request for Data in the above referenced proceeding.

Please contact me at (904) 259-0639 if you have any questions about the enclosed responses or need additional information.

Sincerely,

Deborah L. Nobles

Deborah L. Nobles
Director of Revenue Requirements
& Regulatory Affairs

Enclosure

cc: Leon Conner
Janet Easterday
Essie Thrift
Mike Griffis

Your Quality Service Communications Provider For over 40 Years

130 North 4th Street • P.O. Box 485 • Macclenny, FL 32063-0485 • (904) 259-2261

FLORIDA PUBLIC SERVICE COMMISSION
FIRST DATA REQUEST
FRESH LOOK POLICY

Company Name & Address	Northeast Florida Telephone Company, Inc.
	130 North 4th Street, P.O. Box 485
	Macclenny, Florida 32063-0485
Telephone Number	(904) 259-0639
Respondent's Name & Title	Deborah L. Nobles, Director Regulatory Affairs

For purposes of this Request for Data, please refer to the FPSC's proposed Rules 25-4.300 through 25-4.302, implementing "Fresh Look", as amended at the March 16, 1999, Agenda Conference.

1. For all services provided under eligible contracts, please provide a copy of your tariff pages that contain the corresponding tariffed service, showing both recurring and non-recurring charges.

Response: Northeast Florida Telephone Company, Inc. ("Northeast") does not currently provide any local telecommunications services under contract.

2. For each tariffed service provided in response to Staff's First Data Request, Question 1, please state the amount of contribution (rate minus unit cost) contained in each of the monthly recurring charges.

Response: Not applicable.

3. Please complete the matrix contained on the following pages for all contract service arrangements that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

Response: Not applicable.

4. Please complete the matrix contained on the following pages for all tariffed term plans that would be eligible for "fresh look" under the proposed rule criteria. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

Response: Northeast does not currently provide any local telecommunications services under a tariffed term plan arrangement.

5. In order to determine the number of customers impacted by the proposed rule on "fresh look," please provide the number of unique accounts or customers impacted by eligible contracts or tariffed term plans. For purposes of this request, assume that the effective date of the rule is January 1, 2000.

Response: Not applicable.

6. Please provide the amount of unrecovered non-recurring costs for each contract should a Notice of Termination be provided in accordance with proposed Rule 25-4.302(5)(a), F.A.C. For purposes of this question, assume that all eligible contracts are terminated at the earliest possible date, given an effective date for the rule of January 1, 2000.

Response: Not applicable.

7. Calculate the difference between the termination liability under the proposed rule and the termination liability under the existing contract provisions in accordance with Rule 25-4.302(5)(a), F.A.C. If there would be no unrecovered non-recurring costs associated with a particular contract, please so indicate.

Response: Not applicable.

Sprint

F. B. (Ben) Poag
Director - Regulatory Affairs

Southern Operations
Box 2214
Tallahassee, FL 32316
Mailstop FLTLH001017
Voice 850 599 1027
Fax 850 878 0777

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April 21, 1999

Mr. Daniel M. Hoppe, Director, Division of Research and Regulatory Review
Mr. Walter D'Haeseleer, Director, Division of Communications
Ms. Diana W. Caldwell, Division of Appeals
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 980253-TX, Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 2504.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts

Dear Sirs and Madame:

In response to your data request of March 30, 1999, Sprint generally supports the proposed fresh look rule and accepts any resulting economic impacts as calculated under the FPSC rule without going through the process of attempting to quantify the potential economic impact. Thus, because the process of quantifying the potential impacts would be burdensome and would not change Sprint's basic position, Sprint is willing to forego consideration of the economic impact on the Company in the Staff's analysis and, hence, is not providing the actual quantification of the potential impact of the rule on Sprint.

Please call me if you require additional information.

Sincerely,

F.B. Poag

F. Ben Poag

cc: Ann Marsh

Received
APR 26 1999
Research and Regulatory Review Division

Docket Index Listing
Docket 980253-TX

Docketed:	February 17, 1998
Closed:	December 7, 2000
Company:	All ALECs All ILECs Time Warner Communications (Time Warner AxS of Florida, L.P. d/b/a) (TA
Title:	Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.
Progmod:	B7(a)
OPRs:	APP - M Brown
OCRs:	CMP - A Marsh
Staff Counsel:	APP - M Brown
Commissioners:	Prehearing Officer - Clark Hearing Officers - All Commissioners

DOCUMENT NO.	DATE FILED	DOCKET NO.	DESCRIPTION
06593-99	05/25/1999	980253-TX	TRANSCRIPT - Pgs 1-122 of 5/12/99 hearing in Tallahassee before GR, DS, CL, ~~JN, JC~~.
05855-00	05/10/2000	980253-TX	TRANSCRIPT - Volume 1, pgs 1-112 of 4/25/00 Final Administrative Hearing before DOAH/Davis in Case Nos. 99-5368RP and 99-5369RP.
05856-00	05/10/2000	980253-TX	TRANSCRIPT - Volume 2, pgs 113-285 of 4/25/00 Final Administrative Hearing before DOAH/Davis in Case Nos. 99-5368RP and 99-5369RP.
05857-00	05/10/2000	980253-TX	TRANSCRIPT - Volume 3, pgs 285-448 of 4/25/00 Final Administrative Hearing before DOAH/Davis in Case Nos. 99-5368RP and 99-5369RP.

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Appeals / Brown

DIRECT TESTIMONY OF CAROLYN M. MAREK

ON BEHALF OF

TIME WARNER TELECOM OF FLORIDA, L.P.

Q. Please state your name and business address

A. My name is Carolyn Marek, and my business address is 233 Bramerton Court, Franklin, Tennessee 37069.

Q. By whom are you employed and in what capacity?

A. I am employed by Time Warner Telecom, Inc., as the Vice President of Regulatory Affairs for the Southeast Region.

Q. Please describe your current responsibilities.

A. My current responsibilities include advocating and advancing Time Warner's position before various governmental bodies, managing and participating in regulatory proceedings, and lobbying for necessary legislation to achieve Time Warner's regulatory and legislative objectives in the nine southeast states.

Q. Please describe your background and experience.

A. I graduated in 1981 from George Mason University with a Bachelor of Science degree in Business Administration, and from Marymount University in 1989 with a Masters degree in Business Administration. I began my career with the Bell System in 1981 in sales. At divestiture, I went to AT&T and continued to advance my sales career. In 1987, I was promoted to National Account Manager. From 1989-1994, I held positions as a Senior Project Manager in AT&T Federal Systems, State Manager - Kentucky in the AT&T Government Affairs organization, and Executive Assistant in AT&T Network Systems. I have held my current position with Time Warner for approximately four and one-half years.

Q. **What is the environment that alternative local exchange carriers (ALECs) face as they enter the local exchange telecommunications market?**

A. Alternative Local Exchange Carriers (ALECs) are entering an environment characterized by the overwhelming dominance of the incumbent, monopoly LEC. In each local exchange, one company has nearly 100% of the market, a ubiquitous network, brand identity and customer loyalty, and control over essential facilities that ALECs need in order to begin offering services. Time Warner believes that this Commission should look to those ALECs who are facilities-based (i.e., ALECs who will invest in, own and operate switches and networks) to develop a market which has the potential to deliver innovative and cost-effective products and services for customers in real competition with the large ILECs. To begin to provide service, facilities-based ALECs must make large investments of time and capital.

Q. **Have you been involved in the your company's efforts to enter the local exchange telecommunications service markets as a competing provider?**

A. Yes. Time Warner is providing local exchange telecommunications service in 19 markets, including the Orlando and Tampa markets in Florida. Time Warner is a fiber, facilities-based integrated communications carrier offering broadband data services, local switched services, long distance and integrated communications solutions for medium and large business customers. As previously stated, I am responsible for supporting and advancing Time Warner's efforts and objectives in the southeast region on regulatory and legislative matters.

Q. **Briefly explain the purpose of a "fresh look" rule.**

A. The purpose of a "fresh look" rule is to enable customers to cancel their existing service contracts with the ILEC and avoid exorbitant termination liabilities if they elect an ALEC provider offering competing local telecommunications services offered over the public switched network.

Q. **What is Time Warner's position on the FPSC's proposed rule as stated in their Order dated March 26, 1999?**

A. Time Warner supports the rule as adopted and believes it will foster competition in the local exchange market.

Q. **Is the FPSC's proposed Fresh Look rule the same as the rule originally proposed by Time Warner?**

A. No. However, Time Warner completely supports the proposed FPSC rule and believes that the positions of all the parties were carefully considered before the FPSC adopted the proposed rule.

Q. How will the adoption of the FPSC's proposed "fresh look" rule impact ILEC revenues?

A. It is important to note that this rule provides the customer a choice of staying with the ILEC or choosing an ALEC who offers a more competitive alternative solution. The customer will only opt to switch to an ALEC if it offers the customer some important reason to switch such as better service, better prices, or more innovative solutions. Certainly, some customers will make a conscious decision to remain with their current ILEC provider. Therefore, the ILEC will only lose revenues if their offer is not as competitive as the ALECs's offer. Additionally, the FPSC has limited the circumstances under which a customer may terminate an ILEC contract service arrangement or tariffed term plan, which will in turn limit ILEC financial exposure.

Q. How does the proposed "fresh look" rule benefit consumers?

A. This rule allows the consumer to have a choice of providers not available at the time they assumed their long-term contractual obligation. In fact, this rule is very consumer oriented, and , as the PSC of Wisconsin concluded, with the abolition of termination penalties, serves the public interest by promoting competition. Fresh Look will afford consumers the benefits of competitive alternatives from the outset of competition. The benefits of competition would otherwise be delayed for several years for many customers. Thus, Fresh Look will materially advance the Commission's objectives to enhance competition in the State of Florida.

Q. Specifically, how will the proposed "fresh look" rule promote competition?

A. If customers are contractually obligated to the ILEC before effective competition exists, it will take much longer for competition to develop. The proposed rule does not require the ILEC's existing customers to change. A customer exercising the choice to switch to another local carrier will merely be provided relief from termination liability which exceeds actual costs and represents a penalty. The adoption of state and federal legislation allowing competition did not immediately create an effectively competitive market. To the contrary, competition in the local exchange markets is only beginning to emerge. Many of the ILEC contracts were made effective prior to the existence of any viable competitive alternatives. Most importantly, the proposed rule creates an opportunity for customers to take advantage of competitive alternatives when they become available without being penalized. Additionally, for the new entrant, the proposed rule affords an opportunity to sell its services to potential customers when the new entrant is actually operational and in a position to provide a comprehensive alternative to the ILEC services. Absent this opportunity, ALECs will not have an opportunity to market their services to many of these potential customers in some instances for up to five (5) years. Obviously, this adversely impacts the ALECs' ability to gain market share and, thus, seriously delays the development and benefits of a competitive market.

Q. Does this conclude your testimony?

A. Yes.

FLORIDA PUBLIC SERVICE COMMISSION

STATE OF FLORIDA

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State of Florida, personally came and appeared Carolyn M. Marek, who being by me first duly sworn depose and said that:

She is appearing as a witness on behalf of Time Warner Telecom, Inc. in the "Fresh Look" proceeding before the Florida Public Service Commission, and duly sworn, her testimony would be set forth in the annexed testimony consisting of five (5) pages.

Carolyn Marek

Carolyn M. Marek

SWORN TO AND SUBSCRIBED BEFORE ~~ME THIS THE~~ 22 Day of April, 1999.

Notary Public

MARK L. ANDERSON NOTARY PUBLIC AT LARGE DAVIDSON COUNTY, TN

Appeals

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Initiate Rulemaking Pursuant to Section 120.54(5), Florida Statutes to Incorporate "Fresh Look" Requirements to all Incumbent Local Exchange Company (ILEC) Contracts.	))))))	Docket No. 980253-TX Filed: April 29, 1999

PETITIONER'S RESPONSE TO COMMENTS BY BELLSOUTH TELECOMMUNICATIONS, INC. AND IN SUPPORT OF THE PROPOSED RULES

TIME WARNER AxS OF FLORIDA, L.P. ("Time Warner"), by and through undersigned counsel, hereby files these Comments in response to Bellsouth Telecommunications, Inc., in support of the proposed rules in the above docket, stating:

1. The Proposed Rules, 25-4.300 and 25-4.301, Fla. Admin. Code, regarding the applicability of the "Fresh Look" requirement to existing contracts between incumbent local exchange carriers ("ILECS") and their customers, entered into prior to implementation of the Telecommunications Act of 1996, 47 U.S.C. §§ 251, *et. seq.* do not violate the Contracts clauses of the U.S. and Florida Constitutions, as shown below.

2. Adoption of the Proposed Rules would further the legislative intent of the Telecommunications Act, rather than frustrate that intent. As a matter of sound public policy, the Proposed Rules should be adopted.

I. The Proposed Rules do not Violate the Contracts Clauses

Bellsouth's claim that adoption of the Proposed Rules would violate the Contracts Clause of either the state or federal Constitutions ignores both the Commission's clear authority to modify existing telecommunications contracts, and the long line of precedents, both state and federal, which have upheld similar regulations on virtually identical facts.

As a threshold matter, it is of vital importance to remember that Bellsouth, as well as its new competitors, is a highly regulated utility. It exists entirely by the grace of the entity which regulates it, the Florida Public Service Commission. It may not operate without first obtaining PSC approval; nor may it increase its rates without approval by the PSC; and finally, the PSC at all times retains the power to modify any of its rates if it finds such rates are not consistent with the public interest. These bare facts radically alter the applicability of the Contracts Clauses of either Constitution to regulated utilities.

Consider, for example, the following provisions. Florida Statutes, § 364.07 (1997) provides in pertinent part:

> (1) Every telecommunications company <u>shall file</u> with the commission, as and when required by it, a copy of <u>any contract</u>, agreement or arrangement in writing with any other telecommunications company, or with any other corporation, association, or person relating <u>in any way</u> to the construction, maintenance, or use of a telecommunications facility or service, by, or rates and charges over and upon, any such telecommunications facility.
> (2) The commission is authorized to review contracts for joint provision of intrastate interexchange service and may disapprove any such contract if such contract is detrimental to the public interest (emphasis added). . . .

In addition, consider Florida Statutes, § 364.14 (1997), which states:

> (1) Whenever the commission finds, <u>upon its own motion or upon complaint</u>, that:
> (a) The rates, charges, tolls, or rentals demanded, exacted, charged, or collected by any telecommunications company for

services subject to s. 364.03, or the rules, regulations, or practices of any telecommunications company affecting such rates, charges, tolls, rentals, or service, are unjust, unreasonable, unjustly discriminatory, unduly preferential, or in anywise in violation of law;
(b) Such rates, charges, tolls, or rentals are either insufficient to yield reasonable compensation for the service rendered; or
(c) Such rates, charges, tolls, or rentals yield excessive compensation for the service rendered, <u>the commission shall determine the just and reasonable rates, charges, tolls, or rentals to be thereafter observed and in force and fix the same by order</u>. In prescribing rates, the commission shall allow a fair and reasonable return on the telecommunications company's honest and prudent investment in property used and useful in the public service (emphasis added). . . .

Finally, consider Florida Statutes, § 364.19 (1997), which states:

> The commission may regulate, <u>by reasonable rules</u>, the terms of telecommunications service contracts <u>between telecommunications companies and their patrons</u> (emphasis added).

The foregoing statutes make abundantly clear two points: first, the PSC has overwhelming regulatory authority over all aspects of contractual relationships between telecommunications providers and <u>anyone</u> with whom they contract; and second, the contracts, once approved, are always subject to continuing oversight and modification by the PSC, either by complaint or on its own motion. <u>See</u> Fla. Stat. § 364.14, *supra*.

Bellsouth takes great pains to undertake an analysis of Contracts Clause jurisprudence without ever addressing the fact that it operates in a highly regulated environment. In 1983, the Supreme Court considered a case arising in just this context, rejecting any notion that the Contracts Clause prohibited regulatory action which affected contracts between public utilities and their customers. See Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 103 S.Ct. 697 (1983). In Energy Reserves Group, Kansas Power & Light Company (KPL) entered into two contracts for the supply of natural gas from a particular wellfield to a particular purchaser, the predecessor to Energy Reserves Group, Inc. Under the contract, which extended until the wellfield was no longer productive, the price for gas was fixed at a certain price, and subject to escalation provisions, which would adjust the price upward at regular intervals based on certain market forces. In response to the passage of the Natural Gas Policy Act of 1978, 15 U.S.C. § 3301, *et. seq.*, the Kansas legislature imposed price control measures.[1]

ERG then challenged the Act, as violative of the Contracts Clause of the Constitution, which the Court rejected, stating:

> Although the language of the Contract Clause is facially absolute, its prohibition must be accommodated to the inherent police power of the State "to safeguard the vital interests of the people." . . . Total destruction of contractual expectations is not necessary for a finding of substantial impairment. . . . On the other hand, state regulation that restricts a party to gains it reasonably expected from the contract does not necessarily constitute a substantial impairment. . . . In determining the extent of impairment, we are to consider whether the industry the complaining party has entered has been regulated in the past. . . . The Court long ago observed: "One whose rights, such as they are, are subject to state restriction, cannot remove them from the power of the State by making a contract about them."

Energy Reserves Group, 459 U.S. at 410-11, 103 S. Ct. at ___. The Court found of great

[1] Section 602 of the Natural Gas Policy Act allowed states to establish or enforce maximum natural gas prices under certain circumstances.

Energy Reserves Group, 459 U.S. at 410-11, 103 S. Ct. at ___. The Court found of great significance the fact that the parties "are operating in a heavily regulated industry." Thus, the Court concluded, the parties were well aware that their contracts were subject to future regulation by the entity which oversaw their activity, finding that "ERG's reasonable expectations [had] not been impaired by the Kansas Act." Id., 459 U.S. at 416, 103 S. Ct. at ___.

Energy Reserves Group directly controls this case. Here, Bellsouth, and its customers, entered into telecommunications contracts with full knowledge not only that Congress would deregulate the provision of telecommunications services, but that the PSC has and could at any time exercise substantial regulatory authority over these contracts. By attempting to characterize these contracts as purely private, Bellsouth attempts to evade the clear mandates of Chapter 364, Florida Statutes, and well-settled Contracts Clause jurisprudence.

Florida courts have long adhered to the rationale of the Court in Energy Reserves Group. For example, in Miami Bridge Co. v. Railroad Comm'n, 20 So. 2d 356 (Fla. 1944), the Florida supreme court considered a challenge to a Florida statute vesting regulatory authority over toll bridges in the Florida Railroad Commission. The owner of a toll bridge, built with private funds pursuant to a state law granting the owner a franchise and allowing it to fix tolls, challenged subsequent legislation which vested the power to set tolls in the Florida Railroad Commission, on the ground that this divestiture of toll authority was an invalid impairment of its contract. The court rejected the challenge, stating:

> The State as an attribute of sovereignty is endowed with inherent power to regulate the rates to be charged by a public utility for its products or service. Contracts by public service corporations for their services or products, because of the interest of the public therein, are not to be classed with personal and private contracts, the impairment of which is forbidden by constitutional provisions.

Miami Bridge Co., 20 So. 2d at 361. Later cases have unerringly adhered to this decision. See, e.g., United States Fidelity & Guaranty Co. v. Dept. of Insurance, 453 So. 2d 1355 (Fla. 1984)("Since section 627.066(13) allows insurers to keep their anticipated profits plus five percent, and since the insurers knew when they entered into these contracts that excess profits might have to be refunded, the statute does not operate as a substantial impairment of a contractual relationship").

In addition, to the Miami Bridge and Energy Reserve Group rationales, the Fresh Look rules would not violate the Contracts Clause, because, under Florida law, once the parties submit their contract to the PSC (as required by § 364.07), PSC approval merges the contract into the PSC order, thus converting the contract into a PSC order. See City Gas Co. v. Peoples Gas System, Inc., 182 So. 2d 429 (Fla. 1965)("Indeed, we agree with the North Carolina court that the practical effect of [PSC approval] is to make the approved contract an order of the commission, binding as such upon the parties.") This principle is well illustrated by the recent case of City of Homestead v. Beard, 600 So. 2d 450 (Fla. 1992), wherein Florida Power & Light entered into a territorial agreement with the City of Homestead for the provision of electric services. The parties then submitted their contract to the PSC for approval. Several years later, the City notified FPL that it was terminating the contract, citing the lack of a definite duration in the contract. Because the City was not subject to PSC jurisdiction at the time of entry into the contract, the City contended that the contract was to be construed according to contract principles, not PSC orders. The supreme court disagreed, citing the City Gas case, *supra*, stating, "PSC approval of a territorial agreement, in effect, makes the approved contract an order of the PSC. Merely because the agreement is to be interpreted under the law of contracts does not mean we are to ignore the law surrounding PSC orders." Beard, 600 So. 2d at 453.

In sum, the contracts in question are simply not the type of private commercial contracts envisioned to be protected by the Contract Clause. Since telecommunications is a highly regulated industry, the participants enter into contracts with full knowledge that they are always subject to modification by order or rule of the PSC. Armed with this knowledge, and acting pursuant to that knowledge, Bellsouth cannot now seek the protection of the Contracts Clause in order to preserve its monopoly contracts made possible by the very entity it now seeks protection from.

II. The Fresh Look rules are Consonant with the Telecommunications Act

Bellsouth takes the surprising position that implementation of the Fresh Look rules will be contrary to the public interest. According to Bellsouth, the Fresh Look rules will operate as a "destruction" of its contracts to the benefit of the ALEC's who will of course get the contracts. This argument is curious in light of the history of the telecommunications industry. Prior to the Telecommunications Act, Bellsouth enjoyed a pure monopoly on provision of local phone service. As a result of the Act, Bellsouth is now required to compete for business on an equal footing with the ALEC's. Bellsouth simply posits that all of its business will be taken away and given to the ALEC's without any acknowledgment of the reality of the situation. In reality, if Bellsouth can provide service at a rate its customers find competitive, it can keep all of its contracts. What it cannot do is continue to enjoy a pure monopoly, while seeking protection from competition under the guise of a Contract Clause challenge. The Telecommunications Act was intended to promote competition; that is exactly what the Fresh Look rules will do. This clearly stated policy is unarguably in the public's interest, contrary to Bellsouth's naked assertions to the contrary.

A recent Finding and Order of the Ohio Public Utilities Commission, which adopted the Fresh Look rules explains the public policy behind their adoption. According to the OPUC:

> Our primary motivation in adopting fresh look has been and continues to be our desire to spur the development of a competitive market in Ohio. Fresh look is intended to provide an incentive for new entrants to invest in a market which would otherwise be very difficult to enter given that the incumbent local telephone company holds 100 percent of the market share, and, in light of the fact that many of the most lucrative customers are locked into long-term contracts. Fresh look is also intended to give end use customers the opportunity to take advantage of competitive alternatives at the very inception of competition. Bringing competitive benefits to end user customers serves as the cornerstone for recent federal legislation [the Telecommunications Act] as well as certain legislative initiatives adopted by the Ohio General Assembly and related administrative policy determinations made by this Commission. . . .

In the Matter of the Commission Approval of Fresh Look Notification, No. 97-717-TP-UNC (Public Utilities Comm'n, Ohio, July 17, 1997). As the OPUC obviously recognized, Fresh Look levels the playing field and allows the ALEC's to compete not just for the individual residential and commercial customers, but for the larger, more lucrative customers who typically enter into long-term contracts. Bellsouth's cries must be recognized for what they are: an attempt to retain the status quo, in derogation of the clear intent of the Telecommunications Act.

Respectfully submitted,

Cynthia S. Tunnicliff

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CERTIFICATE OF SERVICE
Docket No. 980253-TX

I HEREBY CERTIFY that a true and correct copy of Time Warner AxS of Florida, L.P.'s Response to Comments by BellSouth Telecommunications, Inc. has been served by U.S. Mail on this 29th day of April, 1999, to the following parties of record:

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99 MAY -6 PM 3:02

May 6, 1999

Ms. Blanca Bayo, Director
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via Hand Delivery

Re: Proposed Rules *25-4.300, F.A.C.*, Scope and Definitions; *25-4.301, F.A.C.*, Applicability of Fresh Look; and *25-4.302, F.A.C.*, Termination of LEC Contracts; Docket No. 980253-TX

Dear Ms. Bayo:

Enclosed for filing please find an original and fifteen copies of the Rebuttal Testimony of Carolyn M. Marek on behalf of Time Warner Telecom of Florida, L.P. for the above-referenced docket.

You will also find enclosed a copy of this letter. Please date-stamp the copy of the letter to indicate that the original was filed and return a copy to me.

If you have any questions regarding this matter, please feel free to contact me. Thank you for your assistance in processing this filing.

Respectfully,

PENNINGTON, MOORE, WILKINSON,
BELL & DUNBAR, P.A.

Peter M. Dunbar

Peter M. Dunbar

PMD/tmz
Enclosure

<u>**CERTIFICATE OF SERVICE**</u>
<u>**Docket No. 980253-TX**</u>

I HEREBY CERTIFY that a true and correct copy of the Rebuttal Testimony of Carolyn M. Marek on behalf of Time Warner Telecom of Florida, L.P. has been served by U.S. Mail on this 6th day of May, 1999, to the following parties of record:

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Peter M. Dunbar

PETER M. DUNBAR, ESQ.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980253-TX

REBUTTAL TESTIMONY OF

CAROLYN M. MAREK

ON BEHALF OF

TIME WARNER TELECOM OF FLORIDA, L.P.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.

A. My name is Carolyn M. Marek and my business address is 233 Bramerton Court, Franklin, Tennessee, 37069. I am employed by Time Warner Telecom as the Vice-President of Regulatory Affairs for the Southeast Region.

Q. ARE YOU THE SAME CAROLYN MAREK THAT FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of my testimony is to respond to specific issues in the testimony and responsive testimony offered by parties opposing the proposed "Fresh Look" rules.

Q: ARE YOU AWARE THAT ON FEBRUARY 26, 1998, STAFF RECOMMENDED TO THE COMMISSION TO DENY TIME WARNER'S PETITION AS POINTED OUT BY GTE'S WITNESS DAVID ROBINSON?

A: Yes. The staff stated that while "'Fresh Look' may make sense in some limited cases", the petitioner (Time Warner) had not made a compelling showing of need. "Further," the staff stated, "the petitioner is, to the best of staff's knowledge, only offering local switched services on a very limited basis at this time." Indeed this was true since Time Warner (and most other ALECs) had only been operating for a year or less. However, Time Warner filed the petition last February because it knew that the adoption of Fresh Look rules would foster competition and that the adoption of rules would require some time. In fact, the staff and the Commission have worked diligently to move this rulemaking forward, holding workshops and requesting comments which ultimately resulted in the rules proposed by this Commission in their order dated March 29, 1999.

Q: DID THE STAFF MAKE ANY OTHER RECOMMENDATIONS TO THE COMMISSION CONCERNING "FRESH LOOK" FOLLOWING THE RECOMMENDATION MADE ON FEBRUARY 26, 1998?

A: Yes, after considering the information provided in the workshops and industry comments, the Staff made recommendations to the Commission on November 11, 1998 and March 4, 1999. On March 4, 1999, Staff recommended that the Commission propose a fresh look rule stating:

> The purpose of the "fresh look" rule is to enable ALECs to compete for existing LEC customer contracts covering local telecommunications services offered over the public switched network, which were entered into prior to switched-based substitutes for local exchange telecommunications services. *Promotion of competition in this area is in the public interest.* (Emphasis added)."

Q: BELLSOUTH'S WITNESS, NED JOHNSTON, STATES IN HIS RESPONSIVE TESTIMONY THAT THERE HAS BEEN COMPETITION FOR VARIOUS SERVICES SUCH AS CENTREX, ESSX AND PRIVATE LINES SINCE THE 1970'S AND EARLY 1980'S. IS THIS COMPETITION RELEVANT TO THIS DOCKET?

A: No. This docket is considering fresh look rules for *local telecommunication services.* As we are all aware, it was unlawful to provide competitive local exchange telecommunications services before the revisions to Chapter 364, Florida Statutes, in 1995. After the law was changed, facilities-based ALECs had to negotiate interconnection agreements with the ILECs, deploy switches and build facilities before they could turn up local telecommunications services to the first customer.

Q. MR. JOHNSTON STATED IN HIS DIRECT TESTIMONY THAT THE FRESH LOOK EFFECTIVE DATE SHOULD BE JULY 1, 1995 SINCE "BELLSOUTH HAS BEEN COMPETING AGAINST ALECs SINCE THAT TIME." ARE YOU AWARE OF ANY ALECs THAT WERE OPERATIONAL ON JULY 1, 1995?

A. Certainly not. Just because the law was changed on that date does not mean that ALECs, particularly facilities-based ALECs, were magically operational overnight.

Q. MR. JOHNSTON ALSO STATES THAT TIME WARNER INSTALLED A WORKING CENTRAL OFFICE SWITCH IN ADVANCE OF THE ENACTMENT OF THE LEGISLATION. IS THIS TRUE?

A. Time Warner did not install a working central office switch prior to the enactment of the legislation. Time Warner installed a 5ESS to replace and upgrade its PBX. Time Warner did so knowing that the investment in this switch could serve dual purposes -- immediately, as a PBX, and as a central office switch if local competition was authorized. Time Warner did not actually begin providing local telecommunications services using the 5ESS in the Orlando area until February, 1997.

Q. MR. JOHNSTON POINTS OUT THAT THE COMMISSION REQUIRES ILECs TO RESELL THEIR CSAs TO COMPETITORS AT THE AVOIDED COST DISCOUNT. DOES THIS HELP TIME WARNER SELL CSAS?

A. No. Time Warner is a facilities-based ALEC and does not resell local telecommunications services. Just as the resale requirement was meant to stimulate competition through resale, the adoption of fresh look rules will foster facilities-based competition -- real competition. The timing of this rule is significant as facilities-based ALECs are just starting to get a foothold in the marketplace.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. With fresh look, ILECS only lose their existing CSA-customers and the associated revenues if they are not competitive in the marketplace. Time Warner maintains that customers cannot take advantage of competitive alternatives because of the burden of termination liabilities, and that these fresh look rules are justified to bring the benefits of competition to consumers. The "Fresh Look" rules proposed by this Commission will foster facilities-based competition and bring the benefits of competition to consumers as quickly as possible. The fresh look rules will allow consumers the ability to make choices that were not available to them when they entered into long-term contracts thus promoting competition and the public interest.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes.

AFFIDAVIT

STATE OF TENNESSEE)

COUNTY OF FRANKLIN)

BEFORE ME, the undersigned authority, personally appeared **CAROLYN M. MAREK** who is Vice President of Regulatory Affairs, Southeast Region, Time Warner Telecom of Florida, L.P., who deposed and stated that she provided the answers to the Rebuttal Testimony in Docket No. 980253 on behalf of Time Warner Telecom of Florida, L.P. on May 6, 1999, and that the responses are true and correct to the best of her information and belief.

DATED at Franklin, Tennessee, this 6th day of May, 1999.

Carolyn Marek

CAROLYN M. MAREK
Vice President of Regulatory Affairs
Southeast Region
Time Warner Telecom of Florida, L.P.

SWORN TO AND SUBSCRIBED before me this 6th day of May, 1999.

Debra A. Couch

Notary Public - State of Tennessee

Debra A. Couch

Typed/Written Name of Notary
My Commission Expires: 1/27/2001

Commission #:

Personally known X OR Produced Identification ______
Type of Identification Produced ____________

2

Appeals

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to initiate rulemaking, pursuant to Section 120.54(7), F.S., to incorporate "Fresh Look" requirements in all incumbent local exchange company contracts, by Time Warner AxS of Florida, L.P. d/b/a Time Warner Communications.	))))))	Docket No. 980253-TX Filed: April 29, 1999

COMMENTS OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC. ON PROPOSED FRESH LOOK RULE

AT&T Communications of the Southern States, Inc. ("AT&T") hereby submits its Comments regarding the Commission's proposed Fresh Look rule pursuant to Order No. PSC-99-0547-PCO-TX.

Introduction

1. AT&T commends the Commission for its initiative in proposing a Fresh Look rule and recognizing the importance of providing customers who are locked into contracts entered into in a monopoly environment a competitive choice.

2. The purpose of a Fresh Look rule is to allow captive customers a significant opportunity to opt out of contracts entered into during a time when there was little or no meaningful competition making the incumbent monopoly provider the only option for customers. This policy will foster competition in the state by helping to remove current barriers to competition.

The Commission's Proposed Rule

3. The Commission's proposed rule provides:

- the Fresh Look period will begin 60 days after the effective date of the rule;
- the Fresh Look period will end 2 years after it begins;

- customers are allowed to terminate contracts of six months or more by notifying the ILEC in writing during the Fresh Look period;
- the ILEC may assess a termination penalty limited to unrecovered, contract specific nonrecurring costs, in an amount which does not exceed the termination liability.

4. AT&T supports the proposed rule. AT&T believes that the positions of all parties were fully considered in the development of the proposed rule and the proposed rule balances the interests of the parties and consumers. This rule will foster competition in the local exchange market.

The Need for a Fresh Look Rule

5. Incumbent Local Exchange Companies (ILECs) have market power in the local exchange market and have the ability and incentive to lock customers into long term contracts. If customers are contractually obligated to the ILEC before effective competition exists, it will delay the creation of a competitive market. As Chairman Malone of the Tennessee Regulatory Authority stated: "the fact that if you don't have a competitive environment and the monopoly is -- or the historical monopoly is locking in a large segment of customers for potentially a crucial period of time, then any other competitors attempting to enter that market during that crucial period of time would be prohibited from doing so in a large segment of the available business customers in this regard."[1] "The potential anticompetitive effect of these CSA's remains regardless of the sophistication of the customer."[2] The implementation of Fresh Look does not require ILEC's existing customers to change, but will give them the opportunity to exercise choice, which is what

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[1] Transcript 2/2/99 Tennessee Regulatory Authority Sunshine Meeting.
[2] Id.

the competitive environment is all about. Tying up customers through long term contracts before the implementation of effective competition only serves to prevent competition. As Director Malone also commented concerning CSAs: "it appears to me that every time the Authority acts to approve one of these, the Authority drives a nail into a competitive environment developing here".[3]

6. AT&T does not consider all long term contracts to be inherently anti-competitive. In a properly functioning competitive marketplace contracts can provide a useful mechanism for attracting customers and providing cost savings to customers in exchange for certain service commitments. AT&T recognizes regulators should not lightly revise contracts, but in this unique situation where a legal monopoly is opened to competition, a market opening step should be an ability of customers to change providers without incurring a penalty.

Conclusion

7. The Commission has authority to enact the proposed Fresh Look rule and should do so expeditiously to encourage competition, as required by both state and federal legislation.

WHEREFORE, the Commission should enact the proposed Commission rules.

[3] Transcript 4/20/99 Tennessee Regulatory Authority Sunshine Meeting.

Respectfully submitted,

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CERTIFICATE OF SERVICE
DOCKET 980253-TX

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished via U.S. Mail to the following parties of record on this 29th day of April, 1999:

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April 23, 1999

BY HAND DELIVERY
Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 980253-TX

Dear Ms. Bayo:

Enclosed for filing on behalf of e.spire Communications, Inc. is an original and fifteen copies of Comments of e.spire Communications, Inc. in the above referenced docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,

Norman H. Horton, Jr.

Norman H. Horton, Jr.

NHH/amb
Enclosure
cc: Paul F. Guarisco
Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rule 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.	)	Docket No. 980253-TX Filed: April 23, 1999

COMMENTS OF e.spire COMMUNICATIONS, INC.

Pursuant to Order No. PSC-99-0539-NOR-TX, e.spire Communications, Inc. ('e.spire") files the following comments in regard to the Commission's proposed Fresh Look rule.

Purpose of Fresh Look Rule

1. e.spire commends the Commission for proposing a Fresh Look rule and recognizing that it is important to give competitive choices to customers who are locked into contracts entered into in a monopoly environment.

2. e.spire agrees with the Florida Competitive Carriers Association that the purpose of a Fresh Look rule is to allow captive customers a meaningful opportunity to opt out of contracts entered into during a time when there was no competition and the incumbent was only the option for customers. Such a policy will foster competition in the state by helping to remove current barriers to competition. Such a rule should be carrier neutral and easy to administer, so that competitive alternatives, not lengthy administrative proceedings, are the focus of the Commission's Fresh Look rule.

The Commission's Proposed Rule

3. On March 24, 1999, the Commission proposed a Fresh Look rule. The rule provides:

- the Fresh Look period to begin 60 days after the effective date of the rule;
- the Fresh look period to end 2 years after it begins;

- customers may terminate contracts of six months or more by notifying the LEC in writing during the Fresh Look period;

- the LEC may assess a termination penalty limited to any unrecovered, contract specific nonrecurring costs, in an amount which does not exceed the termination liability.

4. e.spire supports the Commission rule as proposed with two exceptions. First, because competition will come to different parts of the state at different times, a longer Fresh Look window (such as the 4 years suggested by FCCA) is more appropriate. This longer window will help ensure that all (or most) areas of the state benefit from competition.

5. Second, the proposed rule (25-4.302(3)) includes a provision for the assessment of termination liability by the LEC. The provision may engender disputes between the LEC and the customer attempting to change carriers. Such disputes may dampen the consumer's willingness to change, thus stifling the very competition the rule is designed to promote. Further, to the extent the termination charge is high, it will again stifle competition which the rule is supposed to engender. This, like the FCCA, e.spire recommends there be no imposition of termination liability on a customer exercising his/her right under the Commission's Fresh Look rule to switch carriers.

6. Additionally, the Commission's proposed Fresh Look rule applies only to "local telecommunications services offered over the public switched network." Section 25-4.300(1) defines "local telecommunications services" as those services which include provision of dial tone and flat-rated or message-rated usage." e.spire recommends that the Commission modify its proposed rule to include also any and all advanced telecommunications services, including wireline, broadband telecommunications services such as services that rely on digital subscriber line technology (commonly referred to as xDSL) and packet switched technology, i.e., data traffic.

7. The Commission should move forward now to enact a Fresh Look rule which will give consumers the benefit of choice and allow them to opt out of contracts entered into in a monopoly environment. The Commission should either enact the proposed Commission rules, with the FCCA's suggested changes, or the rule proposed by the FCCA.

Respectfully submitted this 23rd day of April, 1999.

Respectfully submitted

Norman H. Horton, Jr.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of e.spire Communications, Inc.' Comments in Docket No. 980253-TX have been served upon the following parties by Hand Delivery (*) and/or U. S. Mail this 23rd day of April, 1999.

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Norman H. Horton, Jr.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to initiate rulemaking, pursuant to Section 120.54(7), F.S., to incorporate "Fresh Look" requirements in all incumbent local exchange company contracts, by Time Warner AxS of Florida, L.P. d/b/a Time Warner Communications.	)	Docket No. 980253-TX Filed: April 23, 1999

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
COMMENTS ON PROPOSED FRESH LOOK RULE

Pursuant to Order No. PSC-99-0547-PCO-TX, the Florida Competitive Carriers Association (FCCA)[1] files the following comments in regard to the Commission's proposed Fresh Look rule.

Purpose of Fresh Look Rule

1. The purpose of a Fresh Look rule is to allow captive customers a meaningful opportunity to opt out of contracts entered into during a time when there was no competition and the incumbent was the only option for customers. Such a policy will foster competition in the state by helping to remove current barriers to competition. Such a rule should be carrier neutral and easy to administer, so that competitive alternatives, not lengthy administrative proceedings, are the focus of the Commission's Fresh Look rule.

2. The FCCA commends the Commission for proposing a Fresh Look rule and recognizing that it is important to give captive customers who are locked into contracts entered into in a monopoly environment a competitive choice.

[1] The FCCA includes numerous individual competitive carriers as well as the Telecommunications Resellers Association.

The Commission's Proposed Rule

3. On March 24, 1999, the Commission proposed a Fresh Look rule. The rule provides:

- the Fresh Look period to begin 60 days after the effective date of the rule;
- the Fresh Look period to end 2 years after it begins;
- customers may terminate contracts of six months or more by notifying the LEC in writing during the Fresh Look period;
- the LEC may assess a termination penalty limited to any unrecovered, contract specific nonrecurring costs, in an amount which does not exceed the termination liability.

4. For the most part, the FCCA supports the rule as proposed, with two exceptions. First, because competition will come to different parts of the state at different times, a longer Fresh Look window (such as the 4 years suggested by FCCA) is more appropriate. This longer window will help ensure that all (or most) areas of the state benefit from competition.

5. Second, the proposed rule (25-4.302(3)) includes a provision for the assessment of termination liability by the LEC. This provision is problematic for numerous reasons. First, the provision may well lend itself to disputes between the LEC and the customer attempting to change carriers. Such disputes may dampen the consumer's willingness to change, thus stifling the very competition the rule is designed to promote. Further, to the extent the termination charge is high, it will again stifle competition which the rule is supposed to engender. Therefore, FCCA recommends there be no imposition of termination liability on a customer wishing to switch carriers due to the advent of a competitive choice.

FCCA's Proposed Rule

6. Alternatively, the FCCA submitted a proposed Fresh Look rule. It is attached to

these comments as Attachment A. FCCA's proposed rule provides:

- the Fresh Look period to begin 60 days after the effective date of the rule;
- the Fresh Look period to end 4 years after it begins;
- customers may terminate contracts of 180 days or more with LECs for local services in writing during the Fresh Look period;
- there will be no termination penalties during the Fresh Look period;
- the Commission will resolve any disputes arising under the rule within 90 days of a complaint being filed.

7. The FCCA submits that its proposed rule is balanced and reasonable and will accomplish the Commission's goals.

Conclusion

8. The Commission should move forward now to enact a Fresh Look rule which will give consumers the benefit of choice and allow them to opt out of contracts entered into in a monopoly environment. The Commission should either enact the proposed Commission rules, with the FCCA's suggested changes, or the rule proposed by the FCCA.

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FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
PROPOSED FRESH LOOK RULE

PART XII FRESH LOOK

25-4.300 Definitions.

(1) **Incumbent Local Exchange Company** (ILEC): Any telecommunications company as defined in § 364.02(12) certificated to provide local exchange telecommunications service in Florida on or before June 30, 1995. This definition does not include ILECs with fewer than 100,000 access lines.

(2) **Alternative Local Exchange Company** (ALEC): Any telecommunications company as defined in § 364.02(12) certified by the Commission to provide local exchange telecommunications services in Florida after July 1, 1995.

(3) **Eligible Contracts**: All contracts for local telecommunications services between ILECs and customers for a term of 180 days or more. Eligible Contracts include all CSAs and ILEC tariffs with terms, conditions, or provisions which require a customer to subscribe for 180 days or more to avoid termination liability or requirements.

(4) **Fresh Look Period**: Period of time during which ILEC customers may terminate Eligible Contracts without incurring termination liability or requirements.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Period shall apply to all Eligible Contracts.

(2) The Fresh Look Period shall begin sixty (60) days from the effective date of this rule.

(3) The Fresh Look Period shall remain open for four (4) years from the starting date of the Fresh Look Period.

ATTACHMENT A

25-4.302 Public Notice of Fresh Look.

(1) Thirty (30) days after the effective date of this rule, the Commission shall disseminate information through its Consumer Affairs Office (in the form of a neutrally worded Fresh Look Notice), via press release, and on its website informing consumers about the purpose of this rule and the Fresh Look process.

(2) Each ILEC shall designate one point of contact within its company to which all Fresh Look inquiries and requests should be directed.

25-4.303 Termination of ILEC Contracts.

(1) Any customer may terminate an Eligible Contract during the Fresh Look Period by notifying the ILEC in writing of the customer's decision to terminate.

(2) A customer who terminates an ILEC contract during the Fresh Look Period shall incur no liability to the ILEC or be subject to any other termination requirements.

25-4.304 Disputes.

(1) All disputes arising under this rule shall be resolved by the Commission pursuant to its complaint procedure.

(2) The Commission will resolve disputes arising under this rule within ninety (90) days from the filing of a complaint.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing **Comments of the Florida Competitive Carriers Association** has been furnished by U.S. Mail or Hand Delivery(*) this **23rd** day of **April, 1999**, to the following:

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Vicki Gordon Kaufman
Vicki Gordon Kaufman

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Cipped/Brown

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to initiate rulemaking, pursuant to Section 120.54(7), F.S., to incorporate "Fresh Look" requirements in all incumbent local exchange company contracts, by Time Warner AxS of Florida, L.P. d/b/a Time Warner Communications.	)	Docket No. 980253-TX Filed: April 23, 1999

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
COMMENTS ON PROPOSED FRESH LOOK RULE

Pursuant to Order No. PSC-99-0547-PCO-TX, the Florida Competitive Carriers Association (FCCA)[1] files the following comments in regard to the Commission's proposed Fresh Look rule.

Purpose of Fresh Look Rule

1. The purpose of a Fresh Look rule is to allow captive customers a meaningful opportunity to opt out of contracts entered into during a time when there was no competition and the incumbent was the only option for customers. Such a policy will foster competition in the state by helping to remove current barriers to competition. Such a rule should be carrier neutral and easy to administer, so that competitive alternatives, not lengthy administrative proceedings, are the focus of the Commission's Fresh Look rule.

2. The FCCA commends the Commission for proposing a Fresh Look rule and recognizing that it is important to give captive customers who are locked into contracts entered into in a monopoly environment a competitive choice.

[1] The FCCA includes numerous individual competitive carriers as well as the Telecommunications Resellers Association.

The Commission's Proposed Rule

3. On March 24, 1999, the Commission proposed a Fresh Look rule. The rule provides:

- the Fresh Look period to begin 60 days after the effective date of the rule;
- the Fresh Look period to end 2 years after it begins;
- customers may terminate contracts of six months or more by notifying the LEC in writing during the Fresh Look period;
- the LEC may assess a termination penalty limited to any unrecovered, contract specific nonrecurring costs, in an amount which does not exceed the termination liability.

4. For the most part, the FCCA supports the rule as proposed, with two exceptions. First, because competition will come to different parts of the state at different times, a longer Fresh Look window (such as the 4 years suggested by FCCA) is more appropriate. This longer window will help ensure that all (or most) areas of the state benefit from competition.

5. Second, the proposed rule (25-4.302(3)) includes a provision for the assessment of termination liability by the LEC. This provision is problematic for numerous reasons. First, the provision may well lend itself to disputes between the LEC and the customer attempting to change carriers. Such disputes may dampen the consumer's willingness to change, thus stifling the very competition the rule is designed to promote. Further, to the extent the termination charge is high, it will again stifle competition which the rule is supposed to engender. Therefore, FCCA recommends there be no imposition of termination liability on a customer wishing to switch carriers due to the advent of a competitive choice.

FCCA's Proposed Rule

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these comments as Attachment A. FCCA's proposed rule provides:

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- customers may terminate contracts of 180 days or more with LECs for local services in writing during the Fresh Look period;
- there will be no termination penalties during the Fresh Look period;
- the Commission will resolve any disputes arising under the rule within 90 days of a complaint being filed.

7. The FCCA submits that its proposed rule is balanced and reasonable and will accomplish the Commission's goals.

Conclusion

8. The Commission should move forward now to enact a Fresh Look rule which will give consumers the benefit of choice and allow them to opt out of contracts entered into in a monopoly environment. The Commission should either enact the proposed Commission rules, with the FCCA's suggested changes, or the rule proposed by the FCCA.

Vicki Gordon Kaufman

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FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
PROPOSED FRESH LOOK RULE

PART XII FRESH LOOK

25-4.300 Definitions.

(1) **Incumbent Local Exchange Company** (ILEC): Any telecommunications company as defined in § 364.02(12) certificated to provide local exchange telecommunications service in Florida on or before June 30, 1995. This definition does not include ILECs with fewer than 100,000 access lines.

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(4) **Fresh Look Period**: Period of time during which ILEC customers may terminate Eligible Contracts without incurring termination liability or requirements.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Period shall apply to all Eligible Contracts.

(2) The Fresh Look Period shall begin sixty (60) days from the effective date of this rule.

(3) The Fresh Look Period shall remain open for four (4) years from the starting date of the Fresh Look Period.

ATTACHMENT A

25-4.302 Public Notice of Fresh Look.

(1) Thirty (30) days after the effective date of this rule, the Commission shall disseminate information through its Consumer Affairs Office (in the form of a neutrally worded Fresh Look Notice), via press release, and on its website informing consumers about the purpose of this rule and the Fresh Look process.

(2) Each ILEC shall designate one point of contact within its company to which all Fresh Look inquiries and requests should be directed.

25-4.303 Termination of ILEC Contracts.

(1) Any customer may terminate an Eligible Contract during the Fresh Look Period by notifying the ILEC in writing of the customer's decision to terminate.

(2) A customer who terminates an ILEC contract during the Fresh Look Period shall incur no liability to the ILEC or be subject to any other termination requirements.

25-4.304 Disputes.

(1) All disputes arising under this rule shall be resolved by the Commission pursuant to its complaint procedure.

(2) The Commission will resolve disputes arising under this rule within ninety (90) days from the filing of a complaint.

<u>CERTIFICATE OF SERVICE</u>

I HEREBY CERTIFY that a true and correct copy of the foregoing **Comments of the Florida Competitive Carriers Association** has been furnished by U.S. Mail or Hand Delivery(*) this **23rd** day of **April, 1999**, to the following:

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Vicki Gordon Kaufman

Vicki Gordon Kaufman

Appeals

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to initiate rulemaking, pursuant to Section 120.54(7), F.S., to incorporate "Fresh Look" requirements in all incumbent local exchange company contracts, by Time Warner AxS of Florida, L.P. d/b/a Time Warner Communications.	)	Docket No. 980253-TX Filed: April 29, 1999

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
RESPONSIVE COMMENTS ON PROPOSED FRESH LOOK RULE

Pursuant to Order No. PSC-99-0547-PCO-TX, the Florida Competitive Carriers Association (FCCA)[1] files the following responsive comments in regard to the Commission's proposed Fresh Look rule.

Introduction

1. As the FCCA stated in its initial comments filed on April 23, 1999, the purpose of a Fresh Look rule is to allow captive customers a meaningful opportunity to opt out of contracts entered into during a time when there was little or no meaningful competition making the incumbent monopoly provider the only option for captive customers. This policy will foster competition in the state by helping to remove current barriers to competition.

2. Not surprisingly, because the proposed rule will provide customers with competitive choice, some of the incumbent local exchange companies (ILECs), most notably BellSouth Telecommunications, Inc. (BellSouth) and GTE Florida Incorporated (GTE),[2] have raised a host of objections to the proposed rule. However, such objections lack merit for legal

[1] The FCCA includes numerous individual competitive carriers as well as the Telecommunications Resellers Association.

[2] Sprint, with minor changes, supports the proposed rule.

and policy reasons and should be rejected by the Commission.

3. As a preliminary matter, the FCCA observes that BellSouth and GTE apparently miss the entire point of the proposed rule, which is to provide captive customers with competitive choice. While the proposed rule's purpose is to allow consumers who entered into contracts at a time when no competitive options existed the ability to avail themselves of such options today, BellSouth characterizes these contracts as executed by customers "despite the availability of competitive alternatives."[3] Similarly, GTE witness Robinson says the proposed rule would force the "ILECs to hand over their customers to competitors." [4] However, with the ILECs controlling 98.2% of the local market[5], it is readily apparent that competitive alternatives (even today) are limited, at best. As the Commission has recognized, the contracts at issue pursuant to the proposed rule were executed before competitive alternatives existed.

4. Further, a Fresh Look only provides customers with the opportunity to consider competitive alternatives. While such consideration includes the option to terminate an existing contract, that will only take place in the event an ILEC competitor offers a service with better characteristics (e.g., value, technology, customer support) than what is being provided under the existing contract. GTE's statement that such consideration of competitive alternatives is tantamount to handing over its customers to competitors speaks volumes as to its lack of familiarity with (and aversion to) competition in the local market. As any of the members of FCCA can attest, nothing is "handed over" in a competitive market.

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[3] BellSouth comments at 1.

[4] Robinson direct testimony at 6.

[5] Florida Public Service Commission's December 1998 Report on Competition in Telecommunications Markets in Florida, p. 46.

The Proposed Rule is Within the Commission's Authority

5. BellSouth[6] argues that somehow the proposed rule is beyond the Commission's authority.[7] However, as BellSouth recognizes, the Commission was given specific statutory authority to regulate telecommunications service contracts. Section 364.19, Florida Statutes, states:

> The commission may regulate, by reasonable rules, the terms of telecommunications service contracts between telecommunications companies and their patrons.

Clearly, this statutory authority permits the Commission to take the action contemplated by the proposed rule. As the Commission noted in its Notice of Rulemaking, Order No. PSC-99-0539-NOR-TX, the proposed rule permits the termination of contracts "which were entered into prior to switch-based substitutes for local exchange telecommunications services." Such action is consistent with the regulation of telecommunications service contracts.

6. Additionally, the Commission has authority to "[e]ncourage competition through flexible regulatory treatment among providers of telecommunications services in order to ensure the availability of the widest possible range of consumer choice in the provision of all telecommunications services." § 364.01(4)(b). The Commission is also given authority to "[p]romote competition by encouraging new entrants into telecommunications markets. . . ." § 364.01(4)(d). These provisions provide additional authority for the Commission's action because

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[6] GTE makes the same claim in the testimony of witness Robinson with no support whatsoever.

[7] BellSouth also says the rule would "require massive intervention by the Commission into private contracts" and that the rule is "obtrusive." BellSouth comments at 2. Because the rule is primarily self-executing, little intervention, massive or otherwise, would be required by the Commission.

they make it obvious that the legislative mandate to the Commission is to make competitive alternatives available to consumers. The longer the monopoly contracts at issue remain in place, the longer it will be until the Commission fulfills its legislative mandate, both on a federal and state level.

7. This Commission has recognized the wisdom of a Fresh Look policy in the area of private line and special access services. In approving a Fresh Look window in *In re: Petition for Expanded Interconnection for Alternate Access Vendors Within Local Exchange Company Central Offices by Intermedia Communications of Florida, Inc.*, Docket No. 921074-TP, Order No. PSC-94-0285-FOF-TP, the Commission said:

> [W]e find that introducing competition, or extending the scope of competition, provides end users of particular services with opportunities that were not available in the past. However, these opportunities are temporarily foreclosed to end users if they are not able to choose competitive alternatives because of substantial financial penalties for termination of existing contract arrangements. A Fresh Look proposal will enhance an end user's ability to exercise choice to best meet its telecommunications needs.

A similar rationale is applicable in this docket.

8. Further, Ohio,[8] New Hampshire[9] and Wisconsin[10] have adopted Fresh Look policies.

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[8] *In the Matter of the Commission Investigation Relative to the Establishment of Local Exchange and Other Competitive Issues*, Case No. 95-845-TP-COI (P.U.C.O. June 12, 1996).

[9] *In the Matter of the Petition of Freedom Ring Communications, L.L.C. Requesting that the Commission Require that Incumbent LECs Provide Customers with a Fresh Look Opportunity*, Docket No. DR96-420, Order 22,798 (N.H.P.U.C. Dec. 8, 1997).

[10] *Supplemental Findings of Fact, Conclusions of Law and Interim Order re Investigation of the Appropriate Standards to Promote Effective Competition in the Local Exchange Telecommunications Market in Wisconsin*, Docket No. 05-TI-138 (Wis. P.S.C. Sept. 19, 1996).

The Proposed Rule is Constitutional

9. BellSouth[11] also argues that the proposed rule would result in the "abrogation of contracts" and a "taking" and is therefore unconstitutional. These constitutional claims must be rejected outright. The Fresh Look rule would not work an abrogation of contracts. Rather, regulatory circumstances have changed dramatically since the contracts were entered into by captive customers and the proposed rule would allow consumers to participate in the competitive marketplace--a choice unavailable to them when the contracts in question were executed.

10. It is well-settled law that contracts with public utilities are subject to modification when such modification is in the public interest. *Arkansas Natural Gas Co. v. Arkansas Railroad Commission*, 261 U.S. 379 (1923). The Supreme Court of Florida, in affirming a decision of this Commission, has held:

> The Commission's decision [to modify a contract] was based upon the well-settled principle that contracts with public utilities are made subject to the reserved authority of the state, under the police power of express statutory or constitutional authority, to modify the contract in the interest of the public welfare without unconstitutional impairment of contracts.

H. Miller and Sons, Inc. v. Hawkins, 373 So.2d 913 (Fla. 1979).

11. This Commission itself has stated:

> As a general principal of law. . ., all contracts with public utilities are subject to the police of the State to modify the contract in the public interest without constitutional impairment of contract.

In re: Application of South Palm Beach Utilities Corporation to Amend its Service Availability Rules and Main Extension Policy in Palm Beach County, Florida, Docket No. 750-W, Order No.

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[11] Again, GTE makes the same claims, with no support.

8058. Therefore, because the proposed rule is in the public interest, as evidenced by both state and federal legislation, there can be no unconstitutional abrogation of contracts.

12. Similarly, the proposed rule does not work a constitutional taking. The standard to determine a taking in the regulatory context is very similar to the public interest standard applicable to the ILECs' abrogation of contract claims discussed above. In *U.S. Trust Co. of New York v. New Jersey*, 431 U.S. 1, 22 (1977), relied upon by BellSouth, the Court stated:

> The states must possess broad power to adopt general regulatory measures without being concerned that private contracts will be impaired or even destroyed as a result . . . Legislation must be upon reasonable conditions and of a character appropriate to the public purpose justifying its adoption.

Accord, Exxon Corp. v. Eagerton, 462 U.S. 176 (1983).[12] The rule proposed by the Commission, as BellSouth appears to recognize, fosters the public purpose of encouraging competition. Therefore, its adoption would not result in an unconstitutional taking.

The Proposed Rule is Justified

13. Finally, BellSouth takes several "potshots" at the proposed rule by arguing that it is unnecessary because competition existed at the time the captive customers entered into their contracts with the ILECs. However, the Commission is well aware of the nascent state of local competition in the state. Any suggestion that competitive alternatives have flourished in years past must be rejected.

14. Similarly, the fact that competitors can resell CSAs held by the ILECs does not

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[12]The cases relied on by BellSouth, *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393 (1922), *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984), *Hawaii Housing Auth. v. Midkiff*, 467 U.S. 229 (1984), and *Keystone Bituminous Coal Assoc. v. DeBenedictus*, 480 U.S. 470 (1986), do not deal with regulatory taking in the context of a contract. But note that *Hawaii Housing Auth.* and *Keystone* use the same public purpose standard as described in *U.S. Trust*.

obviate the need for a Fresh Look rule. Reselling an existing CSA still prohibits an end user from realizing the benefits of competition. Existing CSAs are based on services and the underlying technologies made available by the monopoly provider of telecommunications service. By providing a true "Fresh Look," in which customers can actually select a new provider of local service, such customers will be able to enjoy the innovation, advance technology, and competitive pricing made available by the introduction of competition.

Conclusion

15. The Commission has authority to enact the proposed Fresh Look rule and should do so expeditiously to encourage competition, as required by both state and federal law.

WHEREFORE, the Commission should either enact the proposed Commission rule with the changes suggested by the FCCA in its April 23 filing, or it should enact the rule proposed by the FCCA.

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing **Comments of the Florida Competitive Carriers Association** has been furnished by U.S. Mail or Hand Delivery(*) this **29th** day of **April, 1999**, to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions, 25-4.301, F.A.C., Applicability of Fresh Look, and 25-4.302, F.A.C., Termination of LEC Contracts.	)	Docket No. 980253-TX Filed May 6, 1999

THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION'S
<u>REBUTTAL COMMENTS ON PROPOSED FRESH LOOK RULE</u>

Pursuant to Order No. PSC-99-0547-PCO-TX, the Florida Competitive Carriers Association (FCCA)[1] files the following rebuttal comments in regard to the Commission's proposed Fresh Look rule.

1. In its responsive comments and testimony, BellSouth Telecommunications, Inc. (BellSouth)[2] makes one procedural point and one argument on the merits. Both arguments should be rejected.

2. Procedurally, BellSouth suggests several times that no "evidence" has been submitted to support the proposed rule.[3] Apparently, BellSouth misunderstands that this is a rulemaking proceeding. As such, it is governed by § 120.54. Specifically, § 120.54(c)1 provides the standard for the information the Commission must consider during rulemaking:

> Any material pertinent to the issues under consideration submitted to the agency within 21 days after the date of publication of the notice or submitted at a public hearing shall be considered by the agency and made a part of the record of the rulemaking proceeding.

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[1] The FCCA includes numerous individual competitive carriers as well as the Telecommunications Resellers Association.

[2] GTE Florida Incorporated (GTE) did not file any responsive comments.

[3] At page 2, BellSouth twice says proponents offered no "evidence." At page 3, BellSouth says only two proponents of the rule filed "testimony." At page 4, footnote 5, BellSouth says the remaining proponents (other than the two filing testimony) filed comments but no "evidence."

Thus, not only must the Commission consider the testimony which some parties chose to file, it must consider all comments filed in this proceeding.

3. BellSouth's substantive point[4] is the same point it attempted to make in its original comments--that local competition is flourishing and therefore there is no need for the proposed rule. To support its claim, BellSouth makes unsubstantiated statements about the large amount of competition for business customers. The facts belie such assertions. For example, BellSouth attempts to rely on this Commission's order denying it entry into the long distance market[5] as proof that competition exists. The order illustrates exactly the opposite. The Commission found that ALECs were serving approximately 27,000 business access lines. Given the fact that BellSouth has over 6 million access lines, service by competitors of such an infinitesimal number hardly demonstrates robust local competition. And, as FCCA pointed out in its responsive comments, this Commission's on report on the topic of competition shows that ILECs control 98.2% of the local market.[6]

4. BellSouth also argues that competitors can market to *new* businesses.[7] While that is certainly true (if and when BellSouth puts in place the proper tools to allow ALECs to effectively compete), it has nothing whatsoever to do with the captive customers BellSouth seeks

[4] BellSouth also states that no parties have discussed BellSouth's claims that the Commission lacks authority to enact the proposed rule and that the proposed rule has constitutional infirmities. FCCA rebutted such claims in its responsive comments filed on April 29, 1999.

[5] *In re: Consideration of BellSouth Telecommunications, Inc.'s entry into interLATA services pursuant to Section 271 of the Federal Telecommunications Act of 1996*, Order No. PSC-97-1459-FOF-TL, November 19, 1997.

[6] Florida Public Service Commission's December 1998 Report on Competition in Telecommunications Markets in Florida, p. 46.

[7] BellSouth responsive comments at 5.

to continue to control. Competition is far from robust and enactment of the proposed rule is an appropriate step in the direction of a competitive local market.

WHEREFORE, the Commission should either enact the proposed Commission rules with the changes suggested by the FCCA in its April 23 filing, or it should enact the rule proposed by the FCCA.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the **Florida Competitive Carriers Association's** foregoing **Rebuttal Comments On Proposed Fresh Look Rule** has been furnished by U.S. Mail or Hand Delivery(*) this **6th** day of **May, 1999**, to the following:

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April 22, 1999

VIA OVERNIGHT MAIL

Ms. Blanca S. Bayo
Director, Division of Records and Reporting
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Re: Docket No. 980253-TX

Dear Ms. Bayo:

Enclosed for filing on behalf of KMC Telecom Inc. and KMC Telecom II, Inc. (collectively, "KMC"), please find an original and fifteen (15) copies of KMC's Comments in the above-referenced matter.

Thank you for your attention to this filing. We would appreciate your acknowledgment of receipt of this filing by date-stamping the enclosed additional copy of these Comments and returning the same in the envelope provided. Please do not hesitate to contact us with any questions you may have regarding this filing.

Very truly yours,

Morton J. Posner
Michael R. Romano

Enclosures

cc: Service List

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C.,	)	
Scope and Definitions; 25-4.301, F.A.C.,	)	DOCKET NO. 980253-TX
Applicability of Fresh Look; and 25-4.302,	)	
F.A.C., Termination of LEC Contracts	)	

COMMENTS OF KMC TELECOM INC. AND KMC TELECOM II, INC. IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE

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Dated: April 22, 1999

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts	))))	DOCKET NO. 980253-TX

COMMENTS OF
KMC TELECOM INC. AND KMC TELECOM II, INC.
IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE

KMC Telecom Inc. and KMC Telecom, II Inc. (collectively "KMC"), by undersigned counsel and pursuant to Order No. PSC-99-0547-PCO-TX, hereby files its Comments regarding the Commission's proposed fresh look rule. KMC's operating entities are currently offering service in a number of communities in Florida: Brevard (Melbourne, Palm Bay, and West Melbourne), Daytona Beach, Fort Myers, Pensacola, Sarasota, and Tallahassee. As it seeks to provide competitive alternatives to consumers in these markets, KMC continues to encounter many customers who are locked into long-term arrangements with the incumbent local exchange carrier ("ILEC") that limit these customers' ability to take advantage of newly available competitive service options that we can offer. KMC therefore supports the adoption of a fresh look rule such as the one proposed by the Commission, although it recommends that the proposed rule be modified in accordance with the recommendations set forth below.

I. THE NEED FOR A FRESH LOOK RULE

ILECs such as BellSouth, GTE, and Sprint/United continue to exercise market power in the local exchange market. They continue to have the ability and incentive to engage in anticompetitive activities that limit KMC's ability to provide alternative service options to customers. In particular, ILECs have used their market power to lock up customers that make heavier use of telecommunications services and would naturally qualify for volume and term discounts. Thus, customers who want to take advantage of such discounts have been prompted to sign up for long-term contracts with the ILECs that contain excessive termination penalties. In a market where the only service options are to take month-to-month service from the ILEC or service for several years from the ILEC at a lower rate, it only makes sense that many customers would choose the latter option.

It should be made clear that KMC does not consider all long-term contracts to be inherently anticompetitive. In fact, the company would agree that in a properly functioning competitive marketplace, long-term contracts can provide a useful mechanism for attracting customers and delivering cost savings to those customers in exchange for a minimum service commitment. The problem with many ILEC long-term contracts, however, is that customers were induced to sign them before there was effective competition in the Florida local exchange market. Contracts entered into with the ILEC when that ILEC was the only carrier capable of offering services to the customer are inherently anticompetitive, tying the customer to the ILEC before the customer becomes aware that alternative local exchange carriers ("ALECs") may soon enter the market (even though the ILEC may very well be aware of the competitive entry on the horizon). Allowing those customers that have entered into long-term contracts with the ILECs while no other carriers were active in the local exchange market to escape these contracts without facing substantial termination penalties would finally give such customers the kinds of choices envisioned by the Telecommunications Act of 1996 ("1996 Act").

A fresh look rule would also allow carriers to succeed or fail in the local exchange market on the merits of their service offerings rather than any incumbent advantage. All of the Commission's efforts to promote competition in the local exchange market, and all of the strides taken by ALECs to provide lower-cost, quality service options, will be diminished in stature if ILECs are permitted to protect a significant segment of their customer base from competitive influences.

Contracts entered into following passage of the 1996 Act are not inherently "competitive," because there has hardly been a "flash-cut" to a fully competitive market. The reality is that competitors are still today just entering many local exchange markets, and even where entry occurred soon after passage of the 1996 Act, one would likely be hard-pressed to claim that effective competition has taken root. In fact, KMC's experience in its Florida markets indicates that the ILECs have not stopped using these long-term contracts and have thereby inhibited competitive entry.

In fact, it is clear that the ILECs still hold monopoly-era market shares in Florida, and can therefore use long-term contracts even today to lock up significant parts of their embedded customer bases. For example, while BellSouth served 6,302,016 lines in Florida as of September 30, 1998, it had only provisioned 102,687 lines to ALECs through resale and another 2,990 to

ALECs through the use of unbundled loops.[1] This means that all of the ALECs combined using BellSouth's loops or resold services had a market share of approximately 1.6% in BellSouth's Florida service territory. Although ALECs may also serve customers solely through the use of their own facilities, the data provided above shows that BellSouth's market share has not been perturbed to any significant degree nearly three years after the 1996 Act became law. Therefore, the date that the 1996 Act became law - February 8, 1996 - is an inadequate measure to use as the date after which ILEC contracts that have been executed by customers are exempt from the fresh look rule.

II. CHANGES TO THE PROPOSED FRESH LOOK RULE

KMC supports the Commission's proposed fresh look rule. This rule will serve the desired purpose of ensuring that each and every Florida consumer has the opportunity to consider newly available competitive telecommunications choices. KMC believes, however, that a few changes are necessary to ensure that the rule is most effective in achieving this desired purpose.

First, as matter of clarity and style, KMC recommends that the rule should include a separate, detailed definition of "eligible contracts." While the "Scope" of the proposed rule (section 25-4.300(1)) references eligible contracts and addresses certain items that are included as eligible contracts under the rule, the rule could be made more clear by further (and separately) defining eligible contracts and the scope of the services they cover. KMC therefore recommends that the Commission insert a new subsection (a) in section 25-4.300(2) as described in

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[1] *See* BellSouth's responses to the Common Carrier Bureau's Third Survey of Local Competition, located at the Federal Communications Commission website, http://www.fcc.gov/ccb/local_competition/survey3/responses/Lec98-3.pdf.

Attachment KMC-1 to clarify what constitutes an eligible contract and to define further the term "local telecommunications service," so that contracts for the provision of any local telecommunications service by the ILEC are covered within the definition of eligible contracts.

KMC also recommends that the Commission address more clearly the question of what kinds of termination liability may be imposed under its proposed rules. Section 25-4.302(3) currently provides that termination liability under the fresh look rule "shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract." It is clear, however, that imposing these nonrecurring costs upon customers may very well undermine the effectiveness of a fresh look rule by deterring end users from terminating their contracts. Quite simply, disputes between the ILECs and customers regarding termination liability could result in a stalemate. Moreover, the high nature of these termination charges may deter many customers from taking advantage of the fresh look opportunity. Thus, in the interest of promulgating an effective fresh look rule, KMC urges the Commission to revise its rule to provide that there be no termination liability for customers wishing to switch to other carriers under this rule.

If the Commission does allow ILECs to impose termination charges in connection with their purported nonrecurring costs, it must ensure that disputes over this liability are resolved fairly and in a timely manner. As a preliminary matter, it is important that the ILECs bear the burden of proving the actual nonrecurring costs they incur as a result of the termination of the contract. Moreover, given that any delay in switching the customer works to the ILECs' benefit and thwarts the purpose of a fresh look, the Commission should ensure that the rule provides for speedy resolution of disputes over whether the ILEC has in fact incurred nonrecurring costs for which it may impose termination liability under the rule. KMC therefore recommends that the Commission establish an expedited procedure under which it will resolve disputes over whether a particular customer should be required to compensate the ILEC for actual nonrecurring costs in connection with the terminated contract. Specifically, the Commission should resolve within 30 days any petition filed by an end user, or the ALEC to which an end user wishes to switch service under the fresh look rule, in cases of a dispute with the LEC over termination liability.

The Commission should also make clear that if the end user (or the ALEC) disputes the Statement of Termination Liability provided by the ILEC under this expedited procedure, the end user will have more than 30 days from receipt of that Statement to provide a Notice of Termination to the ILEC in response, as is currently the case under section 25-4.302(4) of the proposed rules. Instead, if the end user or the ALEC to which the end user wishes to switch service dispute the termination liability by petitioning the Commission for expedited resolution, the end user should be given 30 days from the date that the Commission resolves the dispute to provide a Notice of Termination.

III. CONCLUSION

KMC commends the Commission for its initiative in proposing a fresh look rule. Adopting such a rule will give many Florida consumers the opportunity to avail themselves of newly available competitive telecommunications opportunities, and ultimately promote the development of competition in the Florida local exchange market. KMC therefore urges that the Commission adopt its proposed fresh look rule, as modified in accordance with the recommendations set forth in these Comments and Attachment KMC-1.

Respectfully submitted,

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Dated: April 22, 1999

ATTACHMENT KMC-1
KMC PROPOSED CHANGES TO FRESH LOOK RULE

<u>25-4.300 Scope and Definitions.</u>

(1) Scope. For the purposes of this Part, ~~all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts Only~~ only eligible contracts, as defined herein, will be eligible for Fresh Look. ~~Local telecommunications services offered over the public switched network are defined as those services which include provision of dial-tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision.~~ This Part does not apply to eligible contracts between end users and those LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. ~~Eligible contracts include Contract Service Arrangements and tariffed term plans in which the rate varies according to the end user's term commitment.~~[1]

(2) For the purposes of this Part, the definitions to the following terms apply:

(a) "Eligible Contracts" – All contracts between LECs and end users that: (i) include the provision by a LEC of any local telecommunications services (including dial-tone, flat-rated or message-rated usage, private line, and advanced local telecommunications and data services); (ii) were entered into prior to the effective date of this rule; (iii) are in effect as of the effective date of this rule; and (iv) are scheduled to remain in effect for at least six months after the effective date of this rule. Eligible contracts shall include any customer-specific arrangements or tariffed term service plans under which a customer is subject to termination liability or requirements if it ceases to purchase local telecommunications services from the LEC. If an end user exercises an option to renew or a provision for automatic renewal is contained in an eligible contract, such renewal shall not be considered an eligible contract for purposes of this Part, unless liability or other requirements apply if the contract fails to renew pursuant to such option or provision.[2]

(b) "Fresh Look Window" – . . .

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1 *See* KMC Comments at 4-5.

2 *Id.*

25-4.302 Termination of LEC Contracts.

(3) (a) Within ten business days of receiving the Notice of Intent to Terminate . . .

(b) If an end user or the carrier to which that end user wishes to switch service under this rule should dispute the amount of termination liability calculated by the LEC in its Statement of Termination Liability under this subsection (3):

(i) the affected end user or the carrier to which that end user wishes to switch service under this rule may petition the Commission for resolution of the dispute within 30 days; and

(ii) the burden shall be on the LEC to justify the amount of termination liability that it seeks to impose.[3]

(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect, provided however, that if the end user or the carrier to which that end user wishes to switch service under this rule disputes the amount of termination liability calculated by the LEC in its Statement of Termination Liability, the end user shall have 30 days from an order by the Commission resolving the dispute to provide a Notice of Termination consistent with the terms of the Commission order.[4]

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3 *Id.* at 5-6.

4 *Id.*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of COMMENTS OF KMC TELECOM INC. AND KMC TELECOM II, INC. IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE has been served upon the following parties by Overnight Delivery* and U.S. Mail this 22nd day of April, 1999.

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Appeals

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts	))))	DOCKET NO. 980253-TX

**RESPONSIVE COMMENTS OF
KMC TELECOM INC. AND KMC TELECOM II, INC.
IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE**

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts	))))	DOCKET NO. 980253-TX

**RESPONSIVE COMMENTS OF
KMC TELECOM INC. AND KMC TELECOM II, INC.
IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE**

KMC Telecom Inc. and KMC Telecom II, Inc. (collectively "KMC"), by undersigned counsel and pursuant to Order No. PSC-99-0547-PCO-TX, hereby file their Responsive Comments regarding the Commission's proposed fresh look rule. KMC asserts that the Comments and Testimony filed on behalf of BellSouth Telecommunications Inc. ("BellSouth") and GTE Florida Incorporated ("GTE") miss the mark in arguing that the Commission has neither authority nor reason to give Florida consumers a fresh look at long-term contracts with incumbent local exchange carriers ("ILECs"). BellSouth's and GTE's positions are premised upon a misreading of constitutional law and a fundamental misunderstanding of the competitive status of the Florida local exchange market.

I. THE COMMISSION HAS THE AUTHORITY TO PROVIDE FLORIDA CONSUMERS WITH A FRESH LOOK AT ILEC LONG-TERM CONTRACTS.

A. Fresh look does not violate the Contracts Clause.

BellSouth asserts that a fresh look requirement would violate the Contracts Clause of the U.S. Constitution by permitting its customers to abrogate substantial termination penalties imposed by BellSouth in its long-term contracts. BellSouth fails to take into consideration, however, the heavily regulated nature of the telecommunications industry in Florida and the state's legitimate interest in protecting the general welfare of its consumers and its regulated industries.

Initially, BellSouth fails to view the long-term contracts in the appropriate context of the regulated Florida telecommunications industry. As the Supreme Court has stated:

> [It is a] well-settled principle that contracts with public utilities are made subject to the reserved authority of the state, under the police power of express statutory authority or constitutional authority, to modify the contract in the interest of the public welfare without constitutional impairment of the contracts.[1]

More recently, the Supreme Court has recognized the fact that the parties to a contract are operating in a heavily-regulated industry is highly significant in determining whether a state's action violates the Contracts Clause.[2] Accordingly, the more regulated the industry the more deference is due a state's action regarding contracts involving that industry. BellSouth and the other ILECs cannot contract away the Commission's jurisdiction over regulated industries. As the Supreme Court has stated "[o]ne whose rights, such as they are, are subject to state restriction cannot remove them from the power of the State by making a contract about them."[3]

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1 *H. Miller & Sons, Inc. v. Hawkins*, 373 So.2d 913, 914 (Fla. 1979) (citations omitted); *see also Connolly v. Pension Benefit Guaranty Corp.*, 475 U.S. 211, 224 (1986) (application of proper regulatory authority may not be defeated by private contractual obligations).

2 *See Energy Reserves Group, Inc. v. Kansas Power and Light Co.* , 459 U.S. 400, 412 (1983).

3 *Hudson Water Co. v. McCarter*, 209 U.S. 349, 257 (1908).

BellSouth and the other ILECs obviously knew of the existence of the extensive regulation of Florida's telecommunications industry upon entering into the contracts. The ILECs also knew, or should have known, that their contractual rights were subject to alteration by present and future state regulations involving the Florida telecommunications industry.[4] Clearly, the ILECs' reasonable expectations involving their contractual rights would not be substantially impaired by the adoption of a fresh look requirement.

Since there is no substantial impairment of contractual expectations in violation of the Contracts Clause in this instance, the Commission should adopt a fresh look requirement regarding termination penalties contained in BellSouth's long-term customer contracts. If, however, the Commission should determine that a fresh look requirement would impair the contractual rights of BellSouth, the Commission should recognize the legitimate interest that it has in protecting and promoting the advancement of competition in the telecommunications marketplace.

The United States Supreme Court has recognized the legitimate interest that the states have in protecting their citizens from the escalation of prices involving regulated industries.[5] Termination penalties threatened or imposed by the ILECs are frustrating the advancement of competition in Florida's telecommunications marketplace and inhibiting the entrance of competitive alternatives to the ILECs' established monopolies in their service territories, in direct contravention to the stated purposes of the Telecommunications Act of 1996 ("1996 Act").

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[4] *See Energy Reserves*, 459 U.S. at 416.

[5] *See id.* at 416-17.

The long-term contracts are preventing the new competitors from serving those ILEC customers locked into these contracts. A fresh look requirement would benefit Florida consumers by permitting them to choose their telecommunications provider without fear of the imposition of substantial termination penalties.

The adoption of a fresh look requirement clearly would not violate the Contracts Clause due to the regulated nature of the telecommunications industry and the legitimate interest that Florida has in protecting its consumers and promoting the advancement of competition in its telecommunications markets.

B. Fresh look does not violate the Takings Clause.

Similarly, despite BellSouth's protestations, adopting a fresh look rule poses no cognizable violation of the Takings Clause of the federal Constitution. The Takings Clause of the Fifth Amendment to the U.S. Constitution provides that "private property" may not "be taken for public use, without just compensation." BellSouth's arguments that a fresh look rule would violate this clause are inapposite. As noted above, state precedent makes clear that this Commission has the authority to regulate the provisions of BellSouth's contracts with its customers and to implement a fresh look policy:

> [It is a] well-settled principle that contracts with public utilities are made subject to the reserved authority of the state, under the police power of express statutory or constitutional authority, to modify the contract in the interest of the public welfare without unconstitutional impairment of contracts.[6]

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[6] *H. Miller & Sons, Inc. v. Hawkins*, 373 So.2d at 914 (citations omitted).

Furthermore, even if the Takings Clause governs BellSouth's public utility contractual rights in this case, BellSouth has not made an adequate showing that any impermissible, unconstitutional taking would arise here. Even through it is true that private contract rights can be considered a form of intangible property,[7] that is by no means the end of the inquiry. A taking of property must also result in an "impairment" that is not permitted by the Constitution.[8] Whether property has been taken by regulation such that it raises taking concerns is determined by examination of the value of the business *as a whole*. A taking cannot occur unless a rate order *taken as a whole* produces overall rates so low as to "jeopardize the financial integrity of the [regulated] companies, either by leaving them insufficient operating capital or by impeding their ability to raise future capital."[9] BellSouth does not allege, nor can it reasonably allege, that fresh look would cause any such impact.[10]

Moreover, as BellSouth readily acknowledges, a taking is permissible under the Constitution if the property in question is used for a "public purpose."[11] In fact, BellSouth concedes that "stimulating competition might constitute a 'public purpose'," but argues that the

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[7] *U.S. Trust Co. v. New Jersey*, 431 U.S. 1, 19 n. 16 (1977).

[8] *Id.* at 21.

[9] *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 312 (1989); *see also Federal Power Comm'n v. Texaco, Inc.*, 417 U.S. 380, 390-391 (1974); *FPC v. Natural Gas Pipeline Co. of Am.*, 315 U.S. 575, 607 (1942).

[10] Indeed, if the Commission is truly concerned about any adverse financial impact associated with its rule, it should take comfort in the fact that as proposed, the rule would allow an ILEC to demonstrate that there are nonrecurring costs associated with the contract that warrant recovery from the end user exercising a fresh look.

[11] *See* BellSouth Comments, at 15 (citing *Hawaii Housing Authority v. Midkiff*, 467 U.S. 229, 240 (1984)).

proposed fresh look rule would frustrate, rather than serve, this purpose.[12] BellSouth contends that the fresh look rule would not serve the public purposes of stimulating competition because it would benefit "a few large customers and competitors, who already operate in a competitive local exchange market."[13] Yet parsing each portion of this statement by BellSouth reveals the error of its analysis. As a preliminary matter, BellSouth provides no basis or statistical rationale for concluding that this rule would benefit only "a few large customers and competitors." Moreover, the latter half of BellSouth's statement – the claim that there is a "competitive local exchange market" – is not borne out by the facts. As KMC explained in its initial Comments, BellSouth continues even today to hold a monopoly-era market share in Florida. There is no reason to believe that the contracts that BellSouth seeks to protect are the product of a competitive market. It is therefore clear that BellSouth's analysis of whether a fresh look rule would serve a legitimate "public purpose" is off the mark; the Commission should instead implement a fresh look rule that would serve the valuable public purpose of stimulating competition.

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[12] BellSouth Comments, at 15.

[13] *Id.*

II. A FRESH LOOK IS NEEDED TO PROVIDE FLORIDA CONSUMERS THE FULL BENEFITS ASSOCIATED WITH NEWLY AVAILABLE COMPETITIVE OPPORTUNITIES.

Bell South and GTE assert that a fresh look is unnecessary because the market in which these contracts were formed is competitive.[14] Indeed, as noted above, this position forms the basis for BellSouth's contention that a fresh look rule would constitute a regulatory taking.[15] Yet it is clear that BellSouth and GTE mistakenly equate legislation for effective competition. The local exchange markets did not become instantaneously competitive by Florida's legislative fiat on July 1, 1995. Nor did alternative local exchange carriers ("ALECs") magically rush into the market and eviscerate BellSouth's monopoly-era market share on February 8, 1996 when the 1996 Act became law. Contracts entered into following the enactment of these market-opening federal and state statutes are not inherently "competitive," because there was no "flash-cut" to a fully competitive market on Day 1 of legal "competition."

In fact, competitors are still today just entering many local exchange markets. As KMC noted in its initial Comments, all of the ALECs combined using BellSouth's loops or resold services had a market share of approximately 1.6% for voice grade lines in BellSouth's Florida service territory as of September 30, 1998.[16] The market share figures in GTE's Florida service

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[14] BellSouth Testimony, at 4; GTE Testimony, at 11.

[15] *See* BellSouth Comments, at 15 (claiming that a fresh look rule would not serve a "public purpose" – and therefore be an unlawful taking of property – because it would operate to the benefit of a few private actors operating in "a competitive local exchange market").

[16] KMC Comments, at 4 (citing BellSouth's responses to the Common Carrier Bureau's Third Survey of Local Competition, located at the FCC website, http://www.fcc.gov/ccb/local_competition/survey3/responses/Lec98-3.pdf).

territory – where GTE had not provided a single line to an ALEC through the use of unbundled network elements and ALECs using resold services held a paltry 2.0% market share for voice grade lines as of September 30, 1998[17] – provide greater evidence of how more than three years after the Florida legislature invited local competition it has yet to arrive (particularly on the facilities-based side). It is therefore contrary to fact and reason for the ILECs to claim in their filings that even those contracts entered into during the past three years are somehow the fruits of a competitive market. Establishing a fresh look rule that applied solely to those customers entering into contracts before the Florida legislature or the United States Congress enacted their market-opening statutes would only lock many customers into contracts that are the remnants of a monopoly-era market structure.

BellSouth and GTE also try to sidestep the fact that their contract customers are trapped by arguing that competitors always have the ability to resell services under customer-specific contracts. Specifically, BellSouth observes that "[i]f a customer so chooses, these contracts are available for transfer to a certificated ALEC for resale."[18] Likewise, GTE states that "a competitor can take GTEFL's [customer-specific arrangement, or "CSA"] and its CSA customer, and offer the same contract to the same customer at a 13.04% discount off GTEFL's price to the

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[17] GTE's report to the FCC indicates that out of more than 2.3 million lines in its Florida service territory, it had provided no lines to competitors through the use of unbundled network elements as of September 30, 1998, and it had provisioned a total of 47,944 resold lines to competitors in Florida by the same date. *See* GTE's responses to the Common Carrier Bureau's Third Survey of Local Competition, located at the FCC website, http://www.fcc.gov/ccb/local_competition/survey3/responses/Lec98-3.pdf.

[18] BellSouth Testimony, at 4.

customer."[19] Of course, competition by resale is only one means of the three means of competitive entry envisioned by the 1996 Act,[20] and allowing competitors to access contract customers only through resale would foreclose the other means of entry. Moreover, resale by itself should not be mistaken for effective competition in the market. Any carrier seeking to resell BellSouth's or GTE's service under an existing contract with a customer would be stuck with the rates, terms, and conditions provided for in the ILEC's existing contract. There would be no opportunity to provide the real benefits of competition – innovative facilities-based service offerings and lower prices – to the customer. Instead, the customer would receive the same service at the same price, with the company name on the bill being the only difference.

Finally, even if a competitor were to resell one of BellSouth's or GTE's existing customer-specific contracts, the ILEC would continue to receive some revenue associated with that contract because it would be the underlying facilities-based provider of the service. Indeed, BellSouth and GTE likely offer contract resale as an alternative to the Commission in the knowledge that they will continue to accrue some financial gain from every contract customer served through resale. Allowing competitors to resell an ILEC's customer-specific contracts therefore fails to adequately ensure that customers obtain the full benefits of competition, and it serves to sustain a BellSouth or GTE interest in every contract customer in the market.

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19 GTE Testimony, at 5.

20 *See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, 11 FCC Rcd 15499, 15503 (1996).

III. NUMEROUS REGULATORS - INCLUDING THIS COMMISSION - HAVE ADOPTED A FRESH LOOK RULE AS A MARKET-OPENING MEASURE WHERE CONTRACTS ARE VIEWED AS THE PRODUCT OF A MONOPOLY-ERA ENVIRONMENT.

Although BellSouth claims that "many states" have rejected invitations to adopt fresh look rules,[21] it is also true that consumer protection considerations have prompted the Federal Communications Commission ("FCC") and a number of state commissions to grant fresh look opportunities to parties to long-term contracts upon the introduction of competition for the contract services. In particular, the FCC has concluded that long term customer contracts executed in a less than fully competitive environment raise anticompetitive concerns that are detrimental to the interests of consumers. The FCC has previously determined that customers tied to long-term contracts once telecommunications markets open to competition are "captive" and should be given the opportunity to terminate those contracts without incurring "substantial costs."[22] For example, in concluding that access markets should be opened to competition, the FCC stated:

> The existence of certain long-term access arrangements also raises potential anticompetitive concerns since they tend to "lock-up" the access market, and prevent customers from obtaining the benefits of the new, more competitive interstate access environment. To address this, we conclude that certain LEC customers with long-term access arrangements will be permitted

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[21] BellSouth Comments, at 3.

[22] *Competition in the Interstate Interexchange Marketplace*, 6 FCC Rcd 5880, 5906 (1991), *order on recon.*, 7 FCC Rcd 2677 (1992).

> to take a "fresh look" to determine if they wish to avail themselves of a competitive alternative.[23]

The FCC has also expressed concern about the ability of incumbent carriers to "leverage" market power. The FCC described a variant of this problem in the context of 800 service:

> [l]everaging could occur, for example if AT&T offered a "captive" 800 service subscriber discounts on 800 service conditioned upon the customer's purchase of another service from AT&T -- for example if AT&T offered a customer a bundled contract of 800 service and WATS service, with ten percent discounts on each. In this example, assuming equal usage of 800 and WATS, an AT&T competitor would have to offer a twenty percent discount on WATS in order to win the customer's WATS business.[24]

Possible discounting of one service in connection with another "captive" service is only one example of how incumbents with captive customers can wield considerable market power to disadvantage new entrants. As a result, the FCC has frequently required the imposition of "fresh look" provisions in order to allow customers with long term contracts to avail themselves of the benefits offered by increased competition in telecommunications markets.[25]

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[23] *Expanded Interconnection with Local Telephone Company Facilities*, 7 FCC Rcd 7369, 7463-64 (1992).

[24] *Competition in the Interstate Interexchange Marketplace,* 6 FCC Rcd at 5906 n.234.

[25] *See, e.g., Implementation of the Local Competition Provisions in the Telecommunications Act of 1996,* CC Docket 96-98, First Report and Order, 11 FCC Rcd 15499, 16044-45, at ¶ 1095 (1996), *partially vacated on other grounds, Iowa Utils. Bd. v. F.C.C.*, 120 F.3d 753 (8th Cir. 1997); *Expanded Interconnection with Local Telephone Company Facilities,* 9 FCC Rcd 5154, 5207-10 (1994) ("fresh look" available to LEC customers who wish to sign with competitive access providers); *Competition in the Interstate Interexchange Marketplace,* 7 FCC Rcd 2677, 2681-82 (1992) ("fresh look" in context of 800 bundling with interexchange offerings); *Amendment of the Commission's Rules Relative to Allocation of the 849-851/894-896 MHz Bands,* 6 FCC Rcd 4582, 4583-84 (1991) ("fresh look" imposed as condition of grant of

This Commission itself has previously recognized the value of a fresh look as part of an effort to open telecommunications markets to competitive entry. In *Intermedia Communications of Florida, Inc.*, the Commission imposed a fresh look requirement, reasoning:

> [I]ntroducing competition, or extending the scope of competition, provides end users of particular services with opportunities that were not available in the past. However, these opportunities are temporarily foreclosed to end users if they are not able to choose competitive alternatives because of substantial financial penalties for termination of existing contract arrangements. A fresh look proposal will enhance an end user's ability to exercise choice to best meet its telecommunication needs."[26]

Numerous other states have also adopted fresh look requirements to facilitate the development of competition and ensure that all consumers are able to take advantage of alternative offerings. In fact, prior to passage of the federal Telecommunications Act, the states were at the forefront in developing fresh look schemes in order to ensure the development of competition in intrastate telecommunications markets. The New Jersey and California Commissions have each approved settlements which include fresh look provisions in the context of the intraLATA service market.[27]

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licenses under Title III of Communications Act).

[26] *Intermedia Communications of Florida, Inc.*, 1994 WL 118370 (Fla. P.S.C.), *reconsidered*, 1995 WL 579981 (Fla. P.S.C.); *see also Development of a Statewide Policy Regarding Local Interconnection Standards*, 1994 WL 148757 (Ill.C.C.) (providing customers with a 180 day fresh look period to terminate special access agreements of three years or more with incumbent LECs).

[27] *In re Sprint*, 1994 WL 386294 (N.J. B.P.U.) ("fresh look" imposed in a settlement related to the Board's investigation of intraLATA competition); *Re: Pacific Bell*, D.93-06-032, 49 CPUC 2d 496 (1993) (permitting "fresh look" for certain intraLATA MTS, WATS, and 800 service contract customers in the context of settlement).

In Pennsylvania, GTE proposed in early 1996 to provide discounts for customers committing to contracts for intraLATA toll service of between one and three years. The Pennsylvania Commission refused to accept GTE's proposal unless GTE offered the customers a fresh look by waiving the early termination charge for customers who chose to terminate the GTE plan within one year after the date that intraLATA presubscription was implemented within the customer's exchange.[28] The Pennsylvania Commission based its decision upon the following considerations:

> Our main concern here is that a GTE customer who locks into a one, two or three year term agreement with GTE Easy Savings Plan, before intraLATA presubscription is implemented in a particular exchange, would be required by GTE's tariffs to pay a penalty in the instance a more suitable intraLATA service became available. *As such, GTE could be viewed as cornering the market because of the early penalty charge that was established before intraLATA presubscription was implemented.*[29]

Likewise, the Ohio Commission imposed a fresh look requirement in that State's local exchange markets, noting that:

> the existence of certain long-term arrangements raise potential anticompetitive concerns since these arrangements have the effect of locking out the competition for an extended period of time and prevent consumers from obtaining the benefits of this competitive local exchange environment.[30]

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28 1996 WL 552841, R-00963692, R-00963692C0001 (Pa. P.U.C. Aug. 8, 1996).

29 *Id.* at *4 (emphasis added).

30 *In the Matter of the Commission Investigation Relative to the Establishment of Local Exchange Competition and Other Competitive Issues*, Case No. 95-845-TP-COI (P.U.C.O. June 12, 1996).

The Ohio Commission not only established a fresh look period for local exchange customers subject to long-term contracts, but also required the ILEC to inform its customers of this opportunity upon inquiry.[31] The Indiana and Wisconsin Commissions have also joined the growing group of state public utility commissions that have recognized the anticompetitive nature of ILEC long-term contracts. In the Indiana proceeding, Ameritech Indiana proposed a substantial increase in month-to-month rates for Centrex service, while holding constant its long-term rates for Centrex service. The Indiana Utility Regulatory Commission ("IURC") recognized that such an approach would compel consumers "to enter into the longer term arrangements with Ameritech, because of economic reasons, and thereby make these types of customers unavailable to new competitors who may later enter the market." The IURC decided not only to investigate Ameritech's practices under state law, but also concluded that it must do so under federal law:

> The federal Act gives this Commission clear directives which require us to encourage competition in the local service market and prohibits any actions which would create a barrier to entry for a new competitor. It is clear from the Conference Report attached to the Act, and the August 8, 1996 Federal Communications Commission's "First Report and Order" adopting initial rules to implement the federal Act, that the Act is designed to "remove the outdated barriers that protect monopolies from competition and affirmatively promote efficient competition using tools forged by Congress." FCC Docket Nos. 96-98 and 96-185, at page 7.[32]

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31 *Id.* at Appendix A, Section VI.I.

32 *In the Matter of an Investigation into Centrex Service Charters Offered by Indiana Bell Telephone Co., Inc., d/b/a Ameritech Indiana*, Cause No. 40612 (I.U.R.C. September 13, 1996), at 4. The Indiana Commission's investigation of the need for a fresh look in the local exchange market is ongoing. *Petition of US Xchange of Indiana, Inc. for an*

In the Wisconsin proceeding, the Public Service Commission ruled:

> a fresh-look procedure would *promote* competition in telecommunications by increasing the number of potential customers available to new entrants, and by significantly expanding the choices for customers to a larger array including, potentially, several facilities-based telecommunications network providers.[33]

The New Hampshire Commission, in an order similar to that entered by the Ohio Commission, imposed a fresh look requirement and required Bell Atlantic-New Hampshire to inform its long-term contract customers of the fresh look opportunity and of a commission-ordered modification option to the termination provisions of these contracts.[34] In its Order, at page 17, the New Hampshire Commission observed:

> Long-term contracts entered into when a monopoly is in place can have the effect of locking up a market for an extended period of time and in some cases can prevent consumers from obtaining the benefits of a competitive local exchange environment.

Investigation Regarding the Need for a "Fresh Look" Opportunity for Local Exchange Customers, Cause No. 41173 (I.U.R.C.).

33 *Supplemental Findings of Fact, Conclusions of Law and Interim Order re Investigation of the Appropriate Standards to Promote Effective Competition in the Local Exchange Telecommunications Market in Wisconsin,* Docket No. 05-TI-138 (Wis. P.S.C. Sept. 19, 1996) (emphasis in original), at 4. The Wisconsin Commission has subsequently initiated an investigation regarding how it will implement the fresh look policies that it has concluded are in the public interest.

34 *In the Matter of the Petition of Freedom Ring Communications, L.L.C. Requesting that the Commission Require that Incumbent LECs Provide Customers with a Fresh Look Opportunity*, Docket No. DR96-420, Order No. 22,798 (N.H.P.U.C. Dec 8, 1997).

Other states, such as Alabama[35] and Maine,[36] have ongoing proceedings to examine fresh look issues for the local exchange market.

This Commission should ensure that consumers are given similar opportunities to choose freely among competitive local exchange service providers without being subjected to substantial financial penalties imposed upon them in contracts entered into prior to the existence of competitive alternatives. Both Congress and the Florida Legislature have previously determined that competition in the local telephone market serves the public interest and that consumers will benefit from having a choice of carriers, products and services. In the absence of a fresh look, parties to long term contracts will be denied the benefits of competition for the duration of those agreements in direct contravention of the public policy favoring competitive choice. Moreover, a refusal to provide fresh look would implicitly sanction the ILECs' use of long term contracts to protect its customer base and suppress the development of competition.

IV. A FRESH LOOK RULE SHOULD BE ADOPTED AS PROPOSED BY THE COMMISSION AND AS MODIFIED IN KMC'S INITIAL COMMENTS.

KMC reiterates its support for the Commission's proposed fresh look rule, as modified by the recommendations set forth in KMC's initial Comments to address the scope of the rule, the definition of eligible contracts, and the imposition of termination liability associated with nonrecurring costs on consumers exercising a fresh look. GTE, by contrast, urges the

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35 Docket Nos. 25703, 25704, Order Establishing Rulemaking Proceeding (Ala. P.S.C. Feb. 11, 1998).

36 *Inquiry Into Whether Incumbent Local Exchange Carriers Should Be Required to Provide Their Customers with an Opportunity to Terminate Special Contracts, Pursuant to Request for Rulemaking by Freedom Ring Limited Liability Company,* Docket No. 96-699 (Me. P.U.C. April 23, 1997).

Commission to make several changes to the rule that would eviscerate its effectiveness. First, GTE criticizes the proposed window of two years for a fresh look as too long, giving customers the ability to reject contracts that may have been entered into even in late 1999.[37] GTE claims that the grant of over 250 ALEC certificates statewide is proof of competition in the market.[38] What GTE ignores again, however, is that there is not an immediate flash-cut to competition in each market, and certification certainly does not equal competition. The real question is not how many certificates have been issued, but rather what carriers are using those certificates in which locations. There may be many exchanges in which no facilities-based competitors are offering alternative service to consumers today. In such places, consumers continue to suffer from a lack of telecommunications service options, and therefore have little choice but to sign long-term contracts with the ILECs if they want lower monthly rates. They should not be denied the benefits of a nascent competitive market simply because the Commission has issued certificates to carriers operating in other exchanges.

GTE also criticizes the proposed rule because of concerns about the administrative costs associated with tracking termination liabilities and recovering nonrecurring costs.[39] GTE does not, however, quantify these administrative costs. Moreover, under KMC's modifications to the proposed rule, the Commission would establish an expedited dispute resolution procedure that could help keep the time and expense associated with termination liability disputes to a

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[37] GTE Testimony, at 12.

[38] *Id.*

[39] *Id.* at 14-15.

minimum.[40] KMC therefore submits that GTE's unquantified concerns about administrative costs are not cause for declining to adopt a fresh look rule in this case.

V. CONCLUSION

In light of the foregoing, KMC respectfully requests that the Commission adopt its proposed fresh look rule, as modified by the recommendations set forth in Attachment KMC-1 to KMC's initial Comments in this docket.

Respectfully submitted,

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Counsel for
KMC Telecom Inc.
and KMC Telecom II, Inc.

Dated: April 28, 1999

---

40 KMC Comments, at 5-6.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of RESPONSIVE COMMENTS OF KMC TELECOM INC. AND KMC TELECOM II, INC. IN SUPPORT OF ADOPTION OF A FRESH LOOK RULE has been served upon the following parties by Overnight Delivery* and U.S. Mail this 28nd day of April, 1999.

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99 APR 23 PM 2:45

April 23, 1999

Mrs. Blanca S. Bayo, Director
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Re: Docket No. 980253-TX

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen copies of the Direct Testimony of Ronald C. Smith, Jr. Copies have been served on the parties listed on the attached Certificate of Service.

Sincerely,

David V. Dimlich *for*
Legal Counsel

Enclosures

cc: All Parties of Record

DOCUMENT NUMBER-DATE
05254 APR 23 99
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Supra Telecommunications and Information Systems, Inc.'s testimony of Rick Smith in Docket No. 980253-TX has been served by U.S. Mail this 23 day of April 1999.

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SUPRA TELECOMMUNICATIONS AND INFORMATION SYSTEMS, INC.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF RONALD C. SMITH, JR.

DOCKET NO. 980253-TX

APRIL 23, 1999

Q. **PLEASE STATE YOUR NAME AND ADDRESS.**

A. My name is Ronald C. Smith, Jr. My address is 2620 SW 27th Avenue, Miami, Florida 32303.

Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am the Senior Vice President of Marketing for Supra Telecommunications and Information Systems, Inc. (Supra).

Q. **PLEASE SUMMARIZE YOUR BACKGROUND AND WORK EXPERIENCE.**

A. I am a graduate of the University of Delaware and hold a BS in Marketing. Prior to my appointment as Senior Vice President of Marketing for Supra Telecom, I was employed by AT&T for 22 years. My job responsibilities with AT&T were in the area of development and management of marketing and sales strategies. I have direct sales experience and product/project management knowledge.

Q **WHAT ARE YOUR PRESENT RESPONSIBILITIES WITH SUPRA TELECOM?**

A. I have the responsibility for developing the product line to be offered to Supra's target customers. This includes executing Supra's marketing strategy as envisioned by our business plan.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE PUBLIC SERVICE COMMISSION?

A. No, I have not testified previously in any state public service commission proceedings.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to address the Florida Public Service Commission's (Commission) proposed rules dealing with the circumstances under which a customer may terminate an incumbent local exchange company (ILEC) contract service arrangement or tariffed term plan, Rules 25-4.300, F.A.C., 25-4.301, F.A.C., and 25-4.302, F.A.C.

Q. WHAT WILL BE THE BENEFITS TO CONSUMERS OF THE COMMISSION'S PROPOSED "FRESH LOOK" POLICY?

A. Historically, the incumbent local exchange companies (ILECs) have negotiated customer contracts and have tariffed service offerings which require long-term commitments by consumers. Chapter 364, *Florida Statutes*, and the Telecommunications Act of 1996 provide for the development of local competition in the telecommunications industry. Alternative local exchange companies (ALECs) are now entering the local market in Florida and are attempting to compete for the business of customers who may be locked into these ILEC contracts. These proposed rules will allow consumers to terminate these ILEC contracts covering local services offered over the public switched network. Consumers will be able to consider alternative service offerings that may provide greater benefits or lower rates than the contracts entered into with the ILECs. This proposed rule will serve to foster competition in Florida by removing current barriers to competition.

Q. **HOW WILL THE PROPOSED "FRESH LOOK" RULES BENEFIT ALTERNATIVE LOCAL EXCHANGE COMPANIES IN GENERAL?**

A. The Florida Commission staff estimates that there several thousand contract service arrangements and tariffed term plans that would be eligible for early termination under the proposed rules. These proposed rules will allow customers a window of opportunity to exit these ILEC contract service arrangements or tariffed term plans that were entered into during a time when the ILEC was the only choice. This may be the only way that ALECs will be able to compete for the business of these particular customers.

Q. **HOW WILL THE PROPOSED "FRESH LOOK" RULES AFFECT SUPRA?**

A. It is Supra's goal to provide the benefits of the Telecommunications Act of 1996 by offering lower prices and an innovative range of services to Florida telecommunications subscribers. Supra will be in a much better position to market these competitive offerings if certain customers who are currently locked into long-term ILEC contracts are allowed to exit those contracts and have the opportunity to choose services at lower rates and with limited liability for termination charges.

Q. **SHOULD ANY REVISIONS BE MADE TO THE PROPOSED RULE?**

A. Yes. The current version of the proposed rule calls for the Fresh Look Window to begin 60 days after the effective date of the rule and remain open for two years from the starting date of the Fresh Look Window. Supra would like to propose that the window remain open for four years. Because of various problems ALECs are currently experiencing in the provision of local service, the longer window will provide even greater competitive opportunities for consumers.

Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

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Appeals

May 6, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
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Re: **Docket No. 980253-TX**

Dear Ms. Bayó:

Enclosed for filing in the above referenced docket are an original and fifteen copies of the Rebuttal Testimony of Ronald C. Smith, Jr. Copies have been served on the parties listed on the attached Certificate of Service.

Sincerely,

Ava L. Parker

Ava Parker
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Supra Telecommunications and Information Systems, Inc.'s testimony of Ronald C. Smith, Jr. in Docket No. 980253-TX has been served by U.S. Mail this 6 day of May, 1999

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SUPRA TELECOMMUNICATIONS AND INFORMATION SYSTEMS, INC.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF RONALD C. SMITH, JR.

DOCKET NO. 980253-TX

MAY 6, 1999

Q. **PLEASE STATE YOUR NAME AND ADDRESS.**

A. My name is Ronald C. Smith, Jr. My address is 2620 SW 27th Avenue, Miami, Florida 33133.

Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am the Senior Vice President of Marketing for Supra Telecommunications and Information Systems, Inc. (Supra).

Q. **ARE YOU THE SAME RONALD C. SMITH, JR. WHO PROVIDED DIRECT TESTIMONY IN THIS PROCEEDING?**

A. Yes.

Q **WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

A. The primary purpose of my rebuttal testimony is to rebut the Direct Testimony of C. Ned Johnson and the Comments of BellSouth Telecommunications, Inc. (BellSouth) and the Direct Testimony of David E. Robinson on behalf of GTE Florida Incorporated (GTE).

Q. **MR. JOHNSON'S TESTIMONY ASSERTS THAT THE CONTRACTS THAT ARE PROPOSED FOR COVERAGE UNDER THE RULE REVISIONS WERE VIRTUALLY ALL SUBJECT TO COMPETITION AT THE TIME THEY WERE INITIALLY ENTERED INTO. IS THIS A CORRECT STATEMENT?**

A. No. Given the continuing monopoly status of the Incumbent Local Exchange Carriers (ILECs), this is a completely ludicrous statement. In its December 1998 Report to the Legislature, *Competition in Telecommunications Markets in Florida*, the Florida Public Service Commission (FPSC) staff reports that as of July 10, 1998, 191 entities were certificated as Alternative Local Exchange Providers (ALECs) in Florida. The 1997 report indicated that 86 companies were certificated as ALECs. In 1998, only 51 ALECs were providing service to a small number of customers. The FPSC staff reports that these entrants only account for 1.8 percent of the total access lines in Florida. How could this be considered competition?

Q. **IN ITS COMMENTS FILED APRIL 23, 1999, BELLSOUTH STATES THAT ALECS HAVE BEEN ACTIVELY COMPETING WITH BELLSOUTH SINCE 1995. IS THIS TRUE?**

A. No, this is certainly not true. Although the passage of the federal Telecommunications Act of 1996 and state legislative action in Florida since 1995 supposedly opened the local telephone market to competition, local competition has been slow to flourish. ILECs have persisted in setting up "roadblocks" in order to protect their embedded customer base from competition. ILECs have used these contract service arrangements and long-term contracts to lock-in customers and prevent competitors from marketing their services.

Q. **IS THERE ANY VALIDITY TO BELLSOUTH'S STATEMENT IN ITS COMMENTS FILED APRIL 23, 1999, THAT THE COMMISSION DOES NOT HAVE THE STATUTORY AUTHORITY TO PROMULGATE FRESH LOOK RULES?**

A. No. There is no doubt that the Florida Public Service Commission has statutory authority to promulgate fresh look rules. According to Section 364.19 of the Florida Statutes, "[t]he Commission may regulate, by reasonable rules, the terms of telecommunications service contracts between telecommunications companies and their patrons." In addition, Section 364.01 of the Florida Statutes sets forth a general framework of the Commission's jurisdiction confirming that the Commission has the statutory authority to promulgate fresh look rules. BellSouth's Comments state that although the Commission has the authority to regulate the terms of these service contracts, the Commission cannot authorize the abrogation of these contracts. BellSouth apparently does not realize that the duration of a contract is considered a term of the contract, and therefore subject to the Commission's authority.

Q. **BELLSOUTH ASSERTS IN ITS COMMENTS THAT UNDER THE GUISE OF FRESH LOOK, ALECS WANT TO UNDO THE RESULTS OF THE COMPETITIVE PROCESS SO THAT THEY MAY**

"CHERRY PICK" THE LARGEST AND MOST LUCRATIVE CUSTOMERS? IS THIS CORRECT?

A. No. In fact, one might assume that BellSouth has already "cherry picked" the largest and most lucrative customers by binding them to long term contracts before there were effective competitive offerings available. Fresh look will allow those customers a window of opportunity to exit these ILEC contract service arrangements or tariffed term plans that were negotiated during a time when the ILEC was the only viable choice. If an ALEC has a more attractive offer and possibly lower rates, consumers should be able to take advantage of competition. It is important to keep in mind that there is nothing in these proposed rules that would prevent an ILEC from renegotiating an existing contract rather than lose the customer to an ALEC who is offering a more beneficial service and perhaps lower rates.

Q. **IN HIS DIRECT TESTIMONY, MR. DAVID E. ROBINSON OF GTE STATES THAT THERE IS NO NEED FOR A FRESH LOOK RULE. IS THIS TRUE?**

A. No. ALECs are now entering the local telecommunications market in Florida and are experiencing an uphill battle in attempting to compete for the business of customers. Another layer of difficulty is added by the fact that the ILECs have literally locked in customers for long terms by tying the customers to contracts before any viable competitive alternatives were available. The proposed fresh look rules will allow consumers to terminate these ILEC contracts and to consider alternative offerings that may provide greater benefits or lower rates than the ILEC contracts. These proposed rules can only provide positive benefits to consumers and foster competition in Florida.

Q. **MR. ROBINSON ASSERTS THAT THE RESALE REQUIREMENT WOULD ELIMINATE ANY NEED FOR FRESH LOOK RULES. IS THIS CORRECT?**

A. No. In the resale environment, ALECs are allowed to resell existing contract arrangements between ILECs and consumers. However, generally there are exorbitant termination charges involved in the canceling of the contract. Therefore, either the ALEC or the customer would have to absorb those charges. The proposed fresh look rules will allow those consumers who are bound by contracts to reexamine their needs and to consider alternative offerings, while providing a termination liability less than that specified in the contract.

Q. **DO YOU HAVE ANY OTHER STATEMENTS TO MAKE ABOUT THE PROPOSED FRESH LOOK RULES?**

A. Yes. I would like to support KMC Telecom's proposal that the fresh look rule should include a separate, detailed definition of "eligible contracts." The proposed rule should clarify what constitutes an eligible contract and further define the term "local telecommunications service" so that contracts for the provision of any local telecommunications service by the ILEC are covered within the definition of eligible contracts. In addition, I also support the recommendation that the Commission address more clearly the question of what kinds of termination liability may be imposed under the proposed rule.

Disputes between the ILECs and customers regarding termination liability could deter customers from taking advantage of the fresh look opportunity, therefore no termination liability should exist.

Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

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Appeals / Brown

Legal Department

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99 APR 23

April 23, 1999

Mrs. Blanca S. Bayó
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2540 Shumard Oak Boulevard
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Re: 980253-TX ("Fresh Look") Docket

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Direct Testimony of C. Ned Johnston, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Michael P. Goggin (KE)

Michael P. Goggin

Enclosures

cc: All parties of record
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Docket No. 980253-TX

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Michael P. Goggin (ke)
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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF C. NED JOHNSTON
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 980253-TX
APRIL 23, 1999.

Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH" OR "THE COMPANY").

A. My name is C. Ned Johnston. My business address is 701 Northpoint Parkway, Suite 400, West Palm Beach, Florida 33407. My position with BellSouth is Market Assessment Manager – Florida.

Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Ohio State University in 1968 with a Bachelor of Science degree in Business Administration. Since that time I have held several positions, starting with the Marketing Department at Ohio Bell, transferring to Southern Bell (now BellSouth) in 1978, where I held a variety of positions in the Rates and Marketing organizations. I have held my current position, Market Assessment Manager – Florida, since July, 1991.

Q. HAVE YOU PREVIOUSLY APPEARED BEFORE THE COMMISSION?

A. Yes. I have appeared before the Florida Public Service Commission on numerous occasions on a variety of subjects.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to comment on the amendments to Rules 25-4.300, Florida Administrative Code (F.A.C.), Scope and Definitions; 25-4.301 F.A.C., Applicabiliry of Fresh Look; and 25-4.302, F.A.C. Termination of L.E.C. Contracts proposed in this Docket.

Q. WOULD YOU DESCRIBE YOUR UNDERSTANDING OF THE EFFECT OF THE PROPOSED RULE CHANGES AS THEY APPLY TO BELLSOUTH?

A. As I understand it, the effect of the proposed rule changes as they apply to BellSouth would permit customers with tariff or Contract Service Arrangements (CSAs), contract term payment plans for ESSX®, MultiServ®, Centrex, Basic Rate ISDN, and Primary Rate ISDN as well as customers with CSAs for business lines and PBX trunks to elect to discontinue these contracts with minimal termination liabilities that are equivalent to the remaining uncollected nonrecurring charges, where applicable.

Q. IN YOUR OPINION, ARE THESE RULE CHANGES APPROPRIATE?

A. No, they are not.

Q. WHY ARE THE PROPOSED RULES INAPPROPRIATE?

A. There are several reasons why the proposed rules are inappropriate. First, the contracts that are proposed for coverage under these rule revisions were virtually all subject to competition at the time they were initially entered into. As specified in BellSouth's tariffs, CSAs can only be entered into in competitive situations. In addition, virtually all tariffed contract rate plans were developed as general responses to what BellSouth's competitors were offering. It is not appropriate to prematurely terminate these contracts for the purpose of promoting competition when these contracts were entered into under competitive circumstances.

Second, the "Fresh Look Window" specified in Section 25-4.301(2) is proposed to begin 60 days after the effective date of this rule. This is clearly inappropriate since it would involve contracts that BellSouth is competing for even today, as well as in the future. It should be noted that the vast majority of these contracts involve medium to large-sized business customers who are very aware of the competitive alternatives available to them when they enter into these types of agreements, whether those agreements are with BellSouth or with BellSouth's competitors.

Q. WOULD A DIFFERENT EFFECTIVE DATE FOR THIS "FRESH LOOK WINDOW" BE MORE APPROPRIATE?

A. Yes. While it should be understood that these amendments are inappropriate in their entirety, it should also be noted that if a "Fresh Look Window" were to be established, it would be more equitable to establish it as the date that the current forms of telecommunications competition were authorized in Florida Statutes. That date is July 1, 1995. BellSouth has been competing against ALECs since that time.

Q. ARE THE CONTRACTS REFERENCED HEREIN AVAILABLE FOR RESALE?

A. Yes, they are. If a customer so chooses, these contracts are available for transfer to a certificated ALEC for resale. The Commission-ordered business resale discounts of 16.81 per cent would apply. These contracts would be transferred without termination liability absent any disconnects of all or part of the service. Accordingly, this rule would not provide any additional benefits to resellers.

Q. ARE RESELLERS BELLSOUTH'S CHIEF COMPETITORS FOR LARGE BUSINESS CUSTOMERS?

A. No. While many ALEC resellers compete in the marketplace, BellSouth's chief competitors in the large business market are facility-based ALECs. The bulk of these competitors are large, well-established, well-financed companies who have established track records as Alternative Access Vendors (AAVs) such as Intermedia, Inc., and TCG (now part of AT&T), Interexchange Carriers (IXCs) such as AT&T and MCI WorldCom, Cable Television (CATV) providers such as Time-Warner, MediaOne, Adelphia Cable and TCI (now part of AT&T), or a combination of the above. In addition many of the "startup" ALECs, such as Sprint Metro, are subsidiaries of or are backed by large well-established corporations.

Q. HAVE BELLSOUTH'S CUSTOMERS BEEN AWARE OF THESE COMPETITORS FOR QUITE SOME TIME?

A. Yes. Not only are they aware of them but they have had the opportunity to entertain many proposals from them in the past as well as the present. BellSouth has been competing against facility-based ALECs since at least 1995.

In many cases, customers advise BellSouth that they have received competitive proposals and ask BellSouth for a proposal in response to that provided by BellSouth's competitor. The competitors' proposals often "package" local service with inter and intraLATA long distance services. BellSouth *cannot offer "packaged" proposals that include* interLATA services at the present time.

Q. CAN YOU PROVIDE ANY DATA ON WHAT THESE RULE REVISIONS WILL COST BELLSOUTH TO IMPLEMENT?

A. BellSouth is still gathering that data as to the administrative and labor costs. It is likely that the costs will be more than the cost estimate that BellSouth originally provided to the Florida Public Service Commission Staff in this Docket, which was in excess of $239,000. In addition, BellSouth faces substantial costs in the form of lost revenues and lost termination charges if the proposed rule change is enacted.

Q. WHY WILL THESE ADMINISTRATIVE AND LABOR COSTS INCREASE?

A. The change in proposed coverage from contracts entered into prior to January 1, 1997, to contracts entered into prior to the effective date of these rule revisions, has not only increased the number of contracts affected but has increased the number of service offerings that are included. In the prior date range, mostly ESSX® and MultiServ® contracts were included. In the date range encompassed by the current proposed rule revisions Primary Rate ISDN and Basic Rate ISDN are to be added to the list of services affected. This significantly increases the number of customers/contracts affected. Therefore, I expect the costs to BellSouth to comply with these rule revisions to increase significantly as well.

Q. GIVEN THE CONTINUED EXISTENCE OF THESE CONTRACTS, ARE BELLSOUTH COMPETITORS PRECLUDED FROM PROVIDING SERVICE TO THESE CUSTOMERS?

A. No. Many customers today have contracted for services from various ALECs while continuing to receive services from BellSouth under existing agreements. It is important for the Commission to recognize that the overall market for telecommunications services is expanding and BellSouth's competitors, including resellers, are enjoying a very real role in that expansion. In addition, customers can switch carriers at the expiration of their agreements, or upon honoring the termination provisions. Also, as mentioned earlier, ALECs can resell existing agreements.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. It is inappropriate for the Commission to enact these rule changes. These rules affect a market which is already fiercely competitive with large, well-established competitors vying for the business of large knowledgeable business customers. The affected contracts were entered into freely by customers who had a variety of competitive providers from which they could choose at the time. In addition, these customers presently enjoy a wide range of competitive alternatives to the services provided by BellSouth. The intervention of the Commission in this marketplace simply is neither necessary nor appropriate.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

Legal Department

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April 23, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 980253-TX ("Fresh Look") Docket

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Comments, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Michael P. Goggin /V.F.

Michael P. Goggin

Enclosures

cc: All parties of record
Marshall M. Criser III
William J. Ellenberg II
Nancy B. White

CERTIFICATE OF SERVICE
Docket No. 980253-TX

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via U.S. Mail this 23rd day of April, 1999 to the following:

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Michael P. Goggin /v.f.
Michael P. Goggin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.	)))))	Docket No. 980253-TX Filed: April 23, 1999

COMMENTS BY BELLSOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its Comments on the proposed "Fresh Look" rules.

INTRODUCTION

The Commission is considering whether to adopt rules implementing a so-called "Fresh Look" requirement. The proposed rules would allow parties that have entered into otherwise valid and binding contracts with BellSouth, despite the availability of competitive alternatives, to rescind those contracts without incurring the full termination liability to which those parties agreed. Such termination provisions form a central underpinning of the prices agreed to by the parties to the contracts.

For the reasons set forth herein, the proposed rules should be rejected and this docket closed. The Commission does not have the statutory authority to take this action. In addition, the rules proposed, even if the Commission had the statutory authority to adopt them, would be constitutionally infirm. Finally, the proposed rules are unnecessary and would embroil the Commission and local exchange carriers in a regulatory quagmire. BellSouth filed comments previously in this docket on May 19, 1998. Many of those comments are incorporated in these comments.

A. The Commission Lacks the Statutory Authority to Abrogate Contracts Between Public Utilities and Their Customers.

The proposed Fresh Look rules would require massive intervention by the Commission into private contracts between incumbent local exchange carriers (ILECs) and their customers. Chapter 364 of the Florida Statutes, however, does not confer such authority upon the Commission. Because the Commission is a statutory creation and is granted authority in derogation of common law rights, it has only such authority as is clearly granted to it upon a strict construction of the statutes. See Florida Bridge Co. v. Bevis, 363 So. 2d 799 (Fla. 1978) (Commission's powers are only those that are conferred expressly or impliedly by statute; a reasonable doubt as to the lawful existence of a particular power exercised by the Commission must be resolved against exercise thereof).

To be sure, the Commission has specific statutory authority to "regulate, by reasonable rules, the terms of telecommunications service contracts between telecommunications companies and their patrons." Fla. Stat. § 364.19. Indeed, the Commission already has approved the terms of the contracts at issue. The Commission does not, however, have the statutory authority to authorize the abrogation of such agreements after the parties have entered into them, and have begun to perform in reliance on the promises they have exchanged.

If the Legislature had intended for the Commission to intervene in the marketplace in the obtrusive manner envisioned by proposed rules, the Legislature would have made a specific grant of authority to the Commission.

The Florida Statutes grant no authority, whether express or implied, to the

Commission to abrogate private contracts between utilities and their customers through its rules. Because the Commission is not empowered to abrogate existing contracts between a utility and its customers, promulgating the proposed rules clearly would be unlawful.

Although many alternative local exchange carriers (ALECs) sing the praises of Fresh Look as an essential element of local competition, many states that have had to consider such petitions from ALECs have concluded that it would be improper to adopt such rules. For example, the North Carolina Utilities Commission recently rejected a similar demand by ALECs for a "Fresh Look" rule. Order Dismissing Fresh Look Petition on Jurisdictional Grounds, Docket No. P-100 Sub 133 (N.C.U.C. May 22, 1998). The North Carolina Commission noted that neither Congress, the Federal Communications Commission (FCC), nor the Legislature had decided to impose a "Fresh Look" requirement, although each had the opportunity to do so. Id. at 12. Finally, that Commission concluded that although it has general authority to facilitate and promote local competition, it lacked specific statutory authority to adopt a rule authorizing the abrogation of existing contracts. Id. at 13. Other states have come to similar conclusions. See In re: New England Tel. & Tel. Co., Docket 5713 (Vt. Public Serv. Bd. Aug. 20, 1997) (holding that "NYNEX should not be required to give its customers a 'fresh look' because there was "no reason to free these customers from the obligations that they knowingly took on"); In re: City Signal, Inc., Case No. U-10647 (Mich. Public Serv. Comm'n Feb. 23, 1995) (rejecting "fresh look" proposal, noting that "customers should be aware of the risk involved in entering into long-term contracts" in an increasingly competitive marketplace); In re: Illinois Bell Tel. Co., Case No. 94-0096, 94-0117, 94-0146 (Illinois Commerce Comm'n April 7, 1995) (rejecting "fresh look" proposal and holding that, "[i]n the absence of evidence that the contracts were entered into for anti-competitive purposes, we will not disturb them"); In re: MFS Communications Co. Inc, PUC Docket No. 16189 (Texas Public Utility Comm'n November 7, 1996) (holding that "SWBT is not required to provide a fresh look opportunity for its customers currently under long term plans"); In re: Northwest Payphone Association v. U.S. West, Docket No. UT-920174 (Wash. Utilities & Trans. Comm'n March 17, 1995) (rejecting "fresh look" proposal, noting that "the Commission ordinarily refrains from interfering in contracts between U.S. West and its customers").

Moreover, the FCC has only endorsed a "fresh look" approach in other contexts, and then only in very narrow circumstances not present here. Indeed, contrary to the suggestion of Time Warner in its initial Petition, the only Fresh Look requirement adopted by the FCC in its entire 700-page Interconnection Order, was in connection with Commercial Mobile Radio Services (CMRS) providers. In re: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket 96-98 (rel. Aug. 8, 1996). The FCC had adopted rules requiring that interconnection agreements with CMRS providers comply with principles of mutual compensation and that each carrier pay reasonable compensation for transport and termination of the other carrier's calls. Concluding that many such agreements provided for little or no compensation, in violation of the Commission's rules, the FCC ordered that

CMRS providers that were party to pre-existing agreements that provide for non-mutual compensation "have the option to renegotiate these agreements with no termination liabilities or other contract penalties." Id. ¶ 1094. The FCC did not seek to impose a Fresh Look requirement on all long-term contracts between incumbents and their customers, as these proposed rules would do. The FCC rule only applied to contracts that were in violation of the FCC's rules.

The other FCC decisions cited by Time Warner in its initial Petition in this docket illustrate that the FCC generally has limited its use of a Fresh Look requirement as a means to remedy a contract containing legally questionable provisions.[1] The FCC has not endorsed a sweeping application of Fresh Look requirements as a means of promoting competition, notwithstanding any suggestion by Time Warner to the contrary.

Indeed, in In re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (rel. May 8, 1997), the FCC expressly rejected a Fresh Look requirement for schools and libraries subject to long-term contracts, which Petitioners have proposed here. As the FCC reasoned:

> We find that these proposals would be administratively burdensome, would create uncertainty for those service providers that had previously entered into contracts, and would delay delivery of services to those schools and libraries that took the initiative to enter into such contracts. In addition, we have no reason to believe that the terms of these contracts are unreasonable.

[1] For example, in In re: Amendment of the Commission's Rules Relative To Allocation of the 849-851/894-896 MHZ Bands, 6 FCC Rcd 4582 (July 11, 1991), the FCC held that airlines could terminate long-term contracts entered into with GTE for the provision of air-ground radiotelephone service without regard to the termination provisions in the contract. In reaching this holding, the FCC found that GTE had entered into contracts that bound airlines exclusively to GTE for periods exceeding the term of GTE's license, which, according to the FCC, "was contrary to the public interest ...." Id. ¶ 8. No similar concern is present here.

> Indeed, abrogating these contracts or adopting these other proposals would not necessarily lead to lower pre-discount prices, due to the incentives the states, schools, and libraries had when negotiating the contracts to minimize costs. Finally, we note there is no suggestion in the statute or legislative history that Congress anticipated abrogation of existing contracts in this context.

Id. ¶ 547. Such reasoning is equally applicable here, and should be fatal to the proposed rules.

In short, the Commission should decline to adopt the proposed rules because they ask for something that the Commission lacks the statutory authority to do --namely, promulgate regulations that abrogate existing contracts between public utilities and their customers. The Commission cannot assume such authority simply in the name of increased competition.

B. The Proposed Rules Are Unconstitutional, Even Assuming The Commission Had the Statutory Authority to Promulgate Them

BellSouth also submits that there are significant constitutional problems with the proposed "Fresh Look" rules. The Commission is an administrative agency of the State whose statutory powers are dual in nature: legislative and quasi-judicial. Rulemaking by the Commission is an exercise of its delegated legislative, not judicial, authority. It is undisputed that, in exercising its legislative authority, the Commission may not exceed the limitations imposed upon the Legislature by the State and Federal Constitutions. See Riley v. Lawson, 143 So. 619 (Fla. 1932) ("authority given to regulate carriers must be considered as having been conferred to be exercised according to constitutional limitations").

The Commission is not being asked in its judicial capacity, to determine the constitutionality of an act of the Legislature. Instead, the Commission has been asked to use its quasi-legislative power to adopt a rule which will abrogate existing contracts, which BellSouth submits would be unconstitutional. BellSouth, recognizing the rulemaking authority of the Commission, is informing the Commission of the constitutional impact of the act which it has been asked to take. In so doing, BellSouth is ensuring that the Commission understands that its rulemaking authority is not unfettered, but is subject to, and constrained by, both the State and Federal Constitutions. BellSouth's position is simple: The Commission has been asked to make a rule which violates the constitutional protections afforded all citizens of this State and Nation, and the Commission cannot do that.

1. The adoption of a fresh look requirement would violate the Contract Clause of the Federal and State Constitutions.

The Contract Clause provides that "No State shall . . . pass any . . . Law impairing the Obligation of Contracts. . . . " U.S. Const. Art. I, § 10. See also Fla. Const. Art. I, § 10. When applied to state actions that have the effect of impairing the obligations of one or more private parties under contracts, this prohibition has been interpreted to mean that no state may take legislative or administrative action that substantially impairs a contractual obligation, unless such action is justified as reasonable and necessary to achieve an important public purpose. United States Trust Co. v. New Jersey, 431 U.S. 1, 25 (1977).

The United States Supreme Court has noted that any action adjusting the rights of contracting parties must be upon reasonable conditions and of a character appropriate to the public purpose justifying its adoption. Id. at 22. For cases of severe impairment of contractual rights, a careful examination of the nature and purpose of the State action is necessary. Allied Structural Steel Co. v. Spannaus, 438 U.S. 234, 244 (1978). State action is especially egregious - in a constitutional sense - where, as here, it impairs the contracts of a narrow class of persons in order to meet its desired purpose. Id. at 248.

While public utilities are subject to the "police power" of the State, such "police power" does not give the State, or the Commission, the right to do as it pleases without regard for the rights of its citizens, including public utilities. Id. at 241. The State and Federal Constitutions place limits on the exercise by the States of this power. "If the Contract Clause is to retain any meaning at all, however, it must be understood to impose some limits upon the power of a State to abridge existing contractual relationships, even in the exercise of its otherwise legitimate police power." Id. at 242. The question, then, is not whether the State's "police power" is greater than the right of the private parties to enter into valid, binding contracts--it is. The question is whether an action of the State, or the Commission, pursuant to this police power is within the constitutional limits which are placed upon the States.

Resolution of this question involves a tripartite analysis. Energy Reserves Group, Inc. v. Kansas Power & Light Co., 459 U.S. 400, 410-13 (1983). The initial inquiry is whether the state action has, in fact, operated as a "substantial impairment" of a contractual relationship. If a substantial impairment is found, the State, in justification, must have a significant and legitimate public purpose behind the regulation. If such a public purpose can be identified, the adjustment of the rights and responsibilities of the contracting parties must be based upon reasonable conditions and must be of a character appropriate to the public justifying the state action. Id.

The threshold inquiry has three components: whether there is a contractual relationship, whether a change in law impairs that contractual relationship, and whether the impairment is substantial. General Motors Corp. v. Romein, 503 U.S. 181, 186 (1992). In this present case, there is no question that (1) "eligible contracts," as defined in the proposed rule, are valid, binding contracts between private parties and (2) a Fresh Look requirement would impair the obligations of these contracts. Indeed, the Commission Staff's March 4, 1999 analysis of the proposed rules state that the rules could permit a customer to "terminate a LEC contract ... subject to a termination liability less than that specified in the contract." Staff Recommendation, p. 3.

It is evident that the impairment of such contracts under the proposed rules would be "substantial." This inquiry is crucial because "[t]he severity of the impairment measures the height of the hurdle the state legislation must clear." Spannaus, 438 U.S. at 244. The United States Supreme Court has explained that:

> Minimal alteration of contractual obligations may end the inquiry at its first stage. Severe impairment, on the other hand, will push the inquiry to a careful examination of the nature and purpose of the state legislation.
>
> The severity of an impairment of contractual obligations can be measured by factors that reflect the high value the Framers placed on the protection of private contracts. Contracts enable individuals to order their personal and business affairs according to their

> particular needs and interests. Once arranged, those rights and obligations are binding under the law, and the parties are entitled to rely on them.

Id. at 245. While the United States Supreme Court has provided some guidance as to what constitutes a "substantial impairment" in cases where state action amounts to less than a total destruction of contractual expectations, such an inquiry is unnecessary in this case since the proposed rules would amount to a total impairment of the contracts in question, which is clearly a "substantial impairment."

Since "Fresh Look" will operate as a "substantial impairment" of ILEC/customer contracts, the Commission must have a significant and legitimate public purpose, "such as the remedying of a broad and general social and economical problem," behind the adoption of the requested amendment to the Commission's rules. Energy Reserves, 459 U.S. at 411-12. "The requirement of a legitimate public purpose guarantees that the State is exercising its police power, rather than providing a benefit to special interests." Id. at 412. Because the impairment caused by the proposed rules is absolute, the height of the hurdle such a state action must clear is high. No such significant and legitimate public purpose underlies the proposed rules, much less one that can clear the highest of hurdles.

The proponents of Fresh Look attempt to justify the need to abrogate these contracts on the basis of a need to stimulate competition in the local exchange market. Even assuming that this were a sufficiently "significant and legitimate public purpose," or that such a public purpose were not already being satisfied by Florida's existing statutory and regulatory provisions, a close examination of Fresh Look reveals that its purpose is not public, but rather is private. The sole purpose behind Fresh Look is a one-time destruction of such contracts so that the competitors of ILECs can take ILECs' largest customers and commit them to extended contracts of their own. The only beneficiaries of such an action will be ALECs.

It would be laughable even to imply that the largest customers of the ILECs somehow lack for competitive alternatives, or that this imagined dearth of competitive alternatives facing the largest customers is a "general social or economic problem." Under the guise of Fresh Look, ALECs seek to have the Commission use the police power of this State to undo the results of the competitive process so that they may "cherry pick" the largest and most lucrative customers. This would not serve any public purpose, much less a significant and legitimate one.

Finally, and assuming some significant and legitimate public purpose could be found to justify a Fresh Look requirement -- and it cannot -- "the next inquiry is whether the adjustment of the rights and responsibilities of contracting parties [is based] upon reasonable conditions and [is] of a character appropriate to the public purpose justifying [the legislation's] adoption." Energy Reserves, 459 U.S. at 412 (quoting U.S. Trust, 431 U.S. at 22). The proposed Fresh Look requirement cannot be characterized as either "reasonable" or "appropriate." It seeks to destroy contracts which are prima facie just and reasonable in order to stimulate competition in what is already the most competitive segment of the local exchange market. It seeks to destroy even contract service agreements ("CSAs"), which were entered into in situations where competition already existed, and allows one party to those contracts -- the customers -- to limit the termination liability to which they freely agreed. It is neither "reasonable" nor "appropriate" to adopt regulations to interfere with or nullify competition in the cause of promoting it.

The proposed Fresh Look rules are simply a request by the ALECs for a market share handout. ILECs stand to lose their customers, lose the revenue to which the contracts entitle them, lose the contractual right to full termination liability, and other contractual rights, all of which were won fairly in the competitive arena. ILECs, along with the Commission, would also bear much of the administrative burden that these rules would create. The Commission is asked to take these actions despite the fact that no express legal authority exists for the Commission to abrogate these contracts. There simply is nothing "reasonable" or "appropriate" about such a process, especially when its only effect would be to benefit one group of competitors at the expense of another.

2. The adoption of a fresh look requirement would constitute an unconstitutional taking of property without just compensation.

The Fifth Amendment to the United States Constitution provides that "private property [shall not] be taken for public use, without just compensation." U.S. Const. Amend V.[2] Like the Contract Clause, the Taking Provision operates

[2] This restriction is applied to the States through the Fourteenth Amendment. See, Chicago B. & O. R. Co. v. Chicago, 166 U.S. 226 (1897).

as a limit upon the State's inherent police power. The United States Supreme Court has explained that:

> [S]ome [values incident to property] are enjoyed under an implied limitation and must yield to the police power. But obviously the implied limitation must have its limits, or the contract and due process clauses are gone. One fact for consideration in determining such limits is the extent of the diminution. When it reaches a certain magnitude, in most if not all cases there must be an exercise of eminent domain and compensation to sustain the act. So the question depends upon the particular facts.

Pennsylvania Coal Co. v. Mahon, 260 U.S. 393, 413 (1922). This limitation on the police power prohibits the taking of private property except for a public, rather than private, purpose and without the payment of just compensation.

A taking can occur as to an intangible property interest. Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003-04 (1984). Contract rights are a form of property and as such may be taken for a public purpose only if just compensation is paid. U.S. Trust, 431 U.S. at 19, fn. 16. Accordingly, the valid contracts entered into by ILECs with their customers are property rights protected by the Taking Clause of the Fifth Amendment.

"It has never been the rule that only governmental acquisition or destruction of the property of an individual constitutes a taking . . . ." Ruckelshaus, 467 U.S. at 1004. Instead, "'[g]overnmental action short of acquisition of title or occupancy has been held, if its effects are so complete as to deprive the owner of all or most of his interest in the subject matter, to amount to taking.'" Id. (quoting United States v. General Motors Corp., 323 U.S. 373, 378 (1945)). While no "set formula" has been developed for determining when a "taking" has occurred, the Supreme Court has identified several factors that should be considered. These include "the character of the governmental action, its economic impact, and its interference with reasonable investment-backed expectations." Id. at 1005. A "reasonable investment-backed expectation" has been defined as "more than a 'unilateral expectation or an abstract need'." Id. (citation's omitted).

Adoption of the proposed rules would undoubtedly constitute a "taking" of ILECs' property interest in the CSAs, as the rules would allow for the total abrogation of these contracts. Fresh Look would: (1) deprive ILECs of the benefit of their bargain, (2) inflict additional economic losses in the future as valuable customers are allowed to enter extended contracts with competitors, and (3) impose additional regulatory burdens and expenses on ILECs that are unnecessary, unfair and a cost that was not contemplated at the time the contracts were negotiated and for which, therefore, no recovery can be made.

The contracts are the embodiment of ILECs' "investment-backed expectations"; they are the bargained-for rights and obligations of ILECs with respect to their customers. They are also the means by which ILECs can protect their relationship with these customers, which represents a "property interest" that is constitutionally protected. Id. at 1011 (holding that a corporation had a reasonable investment-backed expectation with respect to its control over the use and dissemination of its trade secrets, and once same are disclosed to others the corporation has lost its property interest in the data.)

The "taking" of ILECs' property is impermissible unless the confiscated property is used for a "public purpose." The "public use" requirement of the Taking Clause is "coterminous with the scope of a sovereign's police power." Hawaii Housing Authority v. Midkiff, 467 U.S. 229, 240 (1984). The requisite "public purpose" exists where the government acts "to protect the lives, health, morals, comfort and general welfare of the people. . . ." Keystone Bituminous Coal Assoc. v. DeBenedictis, 480 U.S. 470, 503 (1987).

Although stimulating competition might constitute a valid "public purpose," as described above, the proposed rules would frustrate this purpose. The taking of ILECs' property solely for the benefit of a few large customers and competitors, who already operate in a competitive local exchange market, produces a private, rather than a public, benefit. Even if such a public benefit were to exist, ILECs bear the entire burden and receive no advantage from this process which in any way compensates them for the "taking" of their property.[3] Thus, a Fresh Look requirement would take the private property of ILECs without just compensation in violation of the Fifth and Fourteenth Amendments to the United States Constitution.[4]

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[3] For example, there is no provision in the proposed rules for the destruction of extended contracts entered into by an ALEC in order to allow ILECs to enjoy the same benefit and to compete for the ALECs.

[4] BellSouth believes that the proposed rules suffer from other constitutional infirmities, including violating the Equal Protection clause and constituting unlawful class legislation. U.S. Const., Amendment XIV; U.S. Const. Art. I, § 10; Fla. Const. Art. I, § 10.

C. The Proposed Rules Are Unjustified.

Even if the Commission had the authority to adopt the proposed "Fresh Look" rules, they are unjustified. In Time Warner's Petition, which initiated this docket, it suggested that the proposed rules were necessary to give customers a chance to choose from competing providers, and thus should apply to "contracts with LECs entered into in a monopoly environment" in order to give customers an opportunity "to avail themselves of competitive alternatives now offered or to be offered in the future by alternative local exchange companies." Petition to Initiate Rulemaking Pursuant to § 120.54(5) F.S., by Time Warner AxS of Florida, Inc. ("Petition"), p. 1 (filed Feb. 16, 1998). The proposed rules, however, would apply to contracts entered into by customers who, as the Commission Staff explains in its recommendation, already had choices between the services offered by the ILEC, and those offered by competing providers at the time they entered into these contracts. Staff Recommendation, p. 2 ("Prior to ALEC competition, LECs entered into customer contracts covering local telecommunications services offered over the public switched network (typically in response to PBX-based competition")). Accordingly, the original purported justification for the rules--to benefit *customers* who purportedly lacked competitive alternatives at the time they entered into these contracts--is illusory.

In its recommendation, however, Staff suggests two additional justifications. First, although the customers who entered into such contracts had competitive alternatives from which to choose at the time, now they have more. Staff Recommendation, p. 2. Second, "[t]he purpose of the 'fresh look' rule is to enable ALECs to compete for existing LEC customer contracts." Staff Recommendation, p. 3. Upon examination, neither purported justification can legitimize the proposed rules.

With respect to Staff's first purported justification, that customers did not have *enough* choices at the time they chose to enter into these contracts, the Staff states that "ALECs are now offering switched-based substitutes for local service . . . where PBXs had previously been the only alternative. For multi-line users not interested in purchasing a PBX . . . the LEC was heretofore the only option. Consequently, it is reasonable in this circumstance to give ALECs the opportunity to compete for this business . . . ." This reasoning includes a number of implicit assumptions that are not true.

For example, it would be wrong to assume, even in the case of contracts for services for which PBXs were an alternative, that they were the only alternative. As the Staff correctly points out, "ALECs are now offering switched-based substitutes for local service." The Staff apparently (and incorrectly) assumes, however, that all of the contracts to which the rule would apply were entered into prior to the time ALECs began to compete with BellSouth. It would certainly be untrue to suggest, however, that the rules, as currently proposed, would apply only to contracts entered into at a time when no ALEC competition existed.[5] ALECs have been actively competing with BellSouth since 1995. Yet,

[5] To be fair, the recommendation relates to the rules as originally proposed, which would have included only contracts entered into before 1997, a time when ALEC competition was not as robust as today.

the current proposed rules would apply to all contracts entered into by such customers four years later or up to the date that the rule becomes effective, (including those not yet entered into today) although ALEC competition exists and has for some time.

In addition, Staff's statement that for those who chose BellSouth services over PBX competition, BellSouth was the "only option," is clearly incorrect. Customers often decide to use PBX service, or services provided by an ALEC, rather than BellSouth. Each customer who does so presumably makes that choice based on its belief that the chosen alternative has some characteristic, such as price or the ability to receive interLATA service in the same bundle, that BellSouth cannot match. That does not imply that the customer had no option other than the one it chose. Moreover, most of the customers who would be affected by the rule, who are typically large, sophisticated commercial customers, entered into such contracts after the passage of Florida's price regulation statute in 1995 and the Telecommunications Act of 1996. Each of these customers likely was aware that ALEC competition existed, or would soon be available. Each had the option to choose a non-LEC alternative, to enter into contracts of shorter duration, or to purchase service month-to-month. Accordingly, it is not necessary to adopt the rules to afford these customers choice; they enjoyed the benefits of competition when they agreed to the contracts.

The second justification proffered by the Staff, "to enable ALECs to compete for existing ILEC customer contracts . . .which were entered into prior to switch-based substitutes for local exchange telecommunications services," is also without merit. As noted above, *most* of the contracts to which the rules would apply were entered into (or will be entered into) after ALEC competition was available. *All* of the affected contracts were entered into at a time when competition existed (even if the ALECs who have requested this rule were not among the competitors at the time). The Commission should not adopt rules designed to abrogate contracts freely entered into by customers who considered an array of competitive alternatives just to boost the business of would-be competitors who have not begun to offer service in Florida or, worse, an ALEC who was already competing when the contract was signed but who simply failed to win the customer the first time. The Commission's statutory objective, as the Staff suggests, is to promote *competition*, not to promote *competitors*.[6]

More importantly, ALECs already have been "enabled" by the Commission to compete for existing LEC customer contracts. Under Commission Orders, ALECs are permitted to resell ILEC contracts. Customers who wish to transfer contracts to an ALEC in this manner face no termination

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[6] Staff seems unconcerned with the impact that these rules would have on ILECs. The Staff admits that the rule would impose unrecoverable costs on an ILEC, described as "relatively minor" administrative and labor costs, which the ILEC would incur in connection with assisting customers to abrogate their agreements. Staff also recognizes that ILECs would "lose the revenues" to which the customers' freely negotiated contracts entitle them. Incredibly, the Staff then concludes that a LEC "would only experience a financial loss if its unrecovered, contract specific, nonrecurring costs exceeded the termination liability specified in the controlling contract or tariff." Lost revenues and additional labor and administrative costs clearly are financial losses to BellSouth. The Commission should see the proposed rules for what they are: an attempt by the ALECs to get the Commission to effectively transfer customers and revenues won by the ILECs through competition, to the ALECs, even though the ALECs remain free to compete for these revenues and customers. To reverse these results of the competitive process in this manner in the name of promoting competition would be tantamount to proclaiming that in order to save the free market, the Commission had to destroy it.

liability. As the telecommunications needs of these sophisticated customers expand, ALECs also can and do compete to provide service in addition to those received from ILECs. Of course, customers also have the right to honor the termination clauses in ILEC contracts and switch to a facilities-based alternative, or simply switch upon the expiration of their ILEC agreements. Thus, any claim that ALECs cannot compete, even for a customer subject to termination liability, is simply untrue.

CONCLUSION

The Commission should reject the proposed rules out of hand. First, the Commission lacks the statutory authority to abrogate contracts freely entered into by customers and carriers after they have been formed. Second, to do so would violate the United States and Florida Constitutions. Lastly, even if the Commission were able lawfully to adopt the rules, they are unjustified. The contracts in question are the product of competition. Any marginal benefits that might flow to a few, large customers from such rules are more than outweighed by the unfairness of such a rule to ILECs, who would lose the benefits of bargains freely struck in competitive circumstances. Indeed, the proposed rules would serve only to create a windfall for ALECs, who already are free to compete for such contracts. The Commission should not, in the name of promoting competition, reverse the results of the competitive process to favor a few chosen competitors. For all of these reasons, BellSouth respectfully urges the Commission to reject these proposed rules.

Respectfully submitted this 23rd day of April, 1999

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April 29, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 980253-TX ("Fresh Look") Docket

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Responsive Testimony of C. Ned Johnston, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Michael P. Goggin (KR)
Michael P. Goggin

Enclosures

cc: All parties of record
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William J. Ellenberg II
Nancy B. White

CERTIFICATE OF SERVICE
Docket No. 980253-TX

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BELLSOUTH TELECOMMUNICATIONS, INC.

RESPONSIVE TESTIMONY OF C. NED JOHNSTON

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980253-TX

April 29, 1999

Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. OR ITS AFFILIATE. ("BELLSOUTH" OR "THE COMPANY").

A. My name is C. Ned Johnston. Since 1991, I've held the position of Market Assessment Manager-Florida for BellSouth.

Q. ARE YOU THE SAME C. NED JOHNSTON THAT FILED TESTIMONY IN THIS DOCKET?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the comments and testimony offered by proponents of the proposed "Fresh Look" Rules. I would like to begin by describing the evolution of competition in BellSouth's Florida area for business telecommunications services, and some situations that BellSouth has faced in this competitive marketplace. Competition in this market has been developing for a very long period of time, to a level where it is both unnecessary and inappropriate for this Commission to adopt the Rules proposed in this Docket.

Q. HOW LONG HAS BELLSOUTH FACED COMPETITION IN FLORIDA?

A. Competition for ESSX and Centrex services actually began in the 1970's. In the private line market, BellSouth began facing competition from private microwave and satellites in the early 1980's. This developing competitive environment was recognized by the Commission in 1985 when it granted BellSouth and other Local Exchange Companies (LECs) the authority to develop Contract Service Arrangements in Docket No. 820537-TP, Order No. 12765.

In the late 1980's, intense competition for Special Access and a variety of private line services developed very rapidly. For example, Intermedia, Inc., entered the Orlando and Miami markets in 1987 and 1988, respectively and very soon thereafter had a presence in all of BellSouth's Florida territory where complex business customers were served. Similarly, Teleport Communications Group (TCG) entered the South Florida area after Intermedia and quickly emerged as a very viable competitor. Teleport has since become part of AT&T.
In Jacksonville, Continental Fiber Technologies entered the market in 1992 and provided BellSouth with serious competition. Continental

Fiber has since evolved into what is now Media One, which recently received a takeover bid from AT&T. Time Warner entered the Orlando telecommunications market about this time as well. The competitors I have identified here are just a few examples.

In their Alternative Access Vendor (AAV) roles, these competitors deployed extensive facilities consisting primarily of fiber optic cable and the associated electronics. This made it possible for these companies to tie these facilities into their newly purchased central offices very quickly in anticipation of, or immediately following the enactment of legislation in Florida in 1995 that enabled them to add all types of basic local exchange service to their other competitive service offerings. BellSouth is aware that Time Warner, for example, installed a working central office switch in advance of the enactment of the legislation. The enactment of the 1995 legislation on telecommunications in Florida was important but must be placed in the proper context as one step in process of ever-increasing competition for business customers which has been developing for a very long time.

Q. HOW DO THESE ALTERNATIVE LOCAL EXCHANGE CARRIERS (ALECs) GENERALLY FOCUS THEIR MARKETING EFFORTS?

A. Generally, these facilities based companies focus on BellSouth's most sophisticated, complex business customers.

Q. HAVE THESE ALECS BEEN ABLE TO SELL THEIR SERVICES TO MEDIUM AND LARGE BUSINESS CUSTOMERS?

A. Yes, they have. ALECs often win business from large customers for whom BellSouth also competes. ALECs now provide large volumes of dial tone via fiber to large companies, hotels, universities and governments. ALECs have been particularly aggressive and successful marketing Primary Rate ISDN to businesses and Internet Service Providers.

Q. DO YOU BELIEVE THAT YOUR EXISTING CONTRACTS REPRESENT A SIGNIFICANT BARRIER TO MARKET ENTRY?

A. Not at all. In fact, BellSouth has ongoing contracts with customers who have obtained a variety of additional services from ALECs under separate agreements.

Moreover, the average term of our business customer contracts is three years, so approximately one third of them expire every year. The vast majority of these contracts were entered into after January 1, 1996, when many ALECs already were actively competing with BellSouth.

Q. HAS THE COMMISSION RECOGNIZED THE EVOLVING COMPETITIVE ENVIRONMENT OVER TIME?

A. Yes. The Commission has recognized the expanding competitive environment several times since 1983 by approving BellSouth tariff filings that expand the number and types of service eligible for Contract Service Arrangement treatment. In addition, the Commission found in Docket 960786-TL that BellSouth faced a number of facilities-based competitors in the business market in Florida.

Q. WOULD YOU SUMMARIZE YOUR TESTIMONY?

A. The business market for telecommunications services has been evolving in a competitive manner for many years in Florida. Customers have many choices in the marketplace where both BellSouth and many ALECs seek to enter into contracts for service as existing contracts for all service providers expire as well as when new customer needs arise. It is neither necessary nor appropriate for the Commission to intercede in this market by promulgating the Rules proposed in this Docket.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Appeals

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April 29, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
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Re: 980253-TX ("Fresh Look") Docket

Dear Ms. Bayó:

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Sincerely,

Michael P. Goggin (KR)

Michael P. Goggin

Enclosures

cc: All parties of record
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Michael P. Goggin (ke)
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.	)))))	Docket No. 980253-TX Filed: April 29, 1999

RESPONSE COMMENTS OF BELLSOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its Comments in response to the comments submitted by other parties on the proposed "Fresh Look" rules. Due to the abbreviated briefing cycle in this matter, BellSouth is not certain that it has yet received all comments and testimony filed by the parties in this matter despite its diligent efforts to obtain them.[1] Accordingly, BellSouth reserves the right to respond to any such comments and testimony it may subsequently receive if and when it files rebuttal comments and/or testimony in this matter.

The proposed "Fresh Look" rules would allow parties that have entered into otherwise valid and binding contracts with BellSouth, despite the availability of competitive alternatives, to abrogate those contracts without incurring the full termination liability to which those parties agreed. The purported justification for fresh look offered by its proponents, is that the contracts eligible under the proposed rules were signed when BellSouth and other incumbent local exchange carriers (ILECs) faced no competition. This assertion flies in the face of prior Commission rulings that competitive alternatives have existed for the

[1] BellSouth has received comments filed by KMC Telecom Inc. (and its affiliate), Sprint Corporation, and the Florida Competitive Carriers Association, and testimony filed by Supra Telecom and Information

services covered by these contracts for many years. Not surprisingly, none of the proponents offers any evidence to support their assertion that no competition existed at the time such contracts were formed. The fresh look proponents also argue that ILEC contracts of greater than six months' duration constitute barriers to entry into the local exchange market. Again, no evidence is provided to support this assertion. In view of this total failure to provide any evidence suggesting the need for such rules, the Commission should reject them out of hand.[2]

The proposed rules would affect only contracts between ILECs and their customers that would not terminate until at least 6 months after the rules would take effect. Virtually all such contracts to which BellSouth is a party involve medium to large business customers. The commission has permitted BellSouth to enter into such contracts since the 1980's in order to meet competition. Moreover, in 1997, the Commission found that several alternative local exchange carriers ("ALECs") were competing against BellSouth throughout its territory, providing switched-based alternatives to business customers wholly or in part through their own facilities.[3] Thus, competition has existed in the local exchange business customer market for years.

Systems, Inc., Time Warner Telecom of Florida, L.P., e.spire Communications, Inc. and GTE Florida Incorporated.

[2] As stated in its initial Comments, BellSouth contends that the Commission lacks the statutory authority to adopt such rules, and that such rules would violate both the Florida and United States Constitution. Because none of the other parties have discussed these issues, BellSouth will not address them further here.

[3] *In re: Consideration of BellSouth Telecommunications, Inc.'s entry into interLATA services pursuant to Section 271 of the Federal Telecommunications Act of 1996,* Order No. PSC-97-1459-FOF-TL ("BellSouth 271 Order") at 15-31 (Nov. 19, 1997).

Six parties have filed comments or testimony in this docket supporting the adoption of such rules. The proponents of the rules claim that they are justified because the contracts at issue were entered into at a time "when there was no competition and the incumbent was the only option for customers." Comments of American Communications services of Jacksonville, Inc. d/b/a e.spire Communications, Inc. (collectively "e.spire") at 1. *See also* Direct Testimony of Ronald C. Smith for Supra Telecommunications and Informations Systems, Inc. ("Supra") at 3; Direct Testimony of Carolyn M. Marek for Time Warner Telecom of Florida, L.P. ("Time Warner") at 4-5; Florida Competitive Carriers Association's Comments ("FCCA") at 1; Comments of KMC Telecom, Inc. ("KMC") at 2. Given the Commission findings that competition has existed for business customers for years, the proponents of the rules clearly have the burden of proof to justify such a wild assertion.[4] None even takes up this burden, much less carries it.

Only two proponents of the rule filed testimony (Supra and Time Warner).[5] Neither witness, however, produces any evidence to justify these proposed rules. For example, Supra's witness, Mr. Smith, claims that the contracts in question "were entered into during a time when the ILEC was the only choice." Supra at

[4] A number of proponents state that the contracts at issue were entered into in a "monopoly environment," e.spire at 1; FCCA at 1; and make unsubstantiated assertions of market power, KMC at 2-4, or market "dominance," Time Warner at 2. None of them provide any expert economist evidence, attempt to define a relevant market, describe market conditions at the time the contracts were entered into, or even say when the affected contracts were formed. One commenter, KMC, attempts to show market power by purporting to measure market share. Even if it were appropriate, under generally accepted economic theory, to presume market power solely from high market shares (and it is not), KMC fails in the attempt. First, KMC's data defines the market as all BellSouth access lines. This measure is at once too broad, as it includes residential lines, and too narrow, as it does not include access lines provided by competitors. It also fails to take into account access line substitutes such as PBXs. Furthermore, KMC does not explain why access lines, rather than customers or revenues, is a reliable measure of shares. In light of this failure of proof, these unsubstantiated claims should be disregarded.

3. This assertion is wholly unsupported by any evidence. Merely making this claim does not make it true. In fact, as the Commission has found, competitive alternatives for the services provided by these contracts have been available for years. Similarly, Mr. Smith characterizes the contracts as "barriers to competition,"[6] and says that the proposed rules "may be the only way that ALECs will be able to compete for the business of these particular customers." *Id.* Again, Mr. Smith provides no evidence to back up these assertions, which are plainly incorrect. Time Warner's witness, Ms. Marek, makes similar assertions, stating that the rules would assure customers the benefit of alternatives "from the outset of competition," Time Warner at 4, as if competition has yet to begin. She also complains that without the rules, "ALECs will not have an opportunity to market their services to many of these potential customers" for years, *id.* at 5. Time Warner also fails to back up these assertions with any facts.

It is not surprising that the rules' proponents can offer no proof to justify the adoption of these rules. There is none. Medium and large business customers have enjoyed competitive alternatives to ILEC local exchange services for years. *See generally*, Responsive Testimony of C. Ned Johnston ("Johnston"). The Commission permitted ILECs to offer such contracts in order to meet competition. Immediately after the passage of Florida's price regulation

[5] The remaining proponents filed comments, but no evidence.

[6] It is interesting to note that only ILEC contracts are alleged to be barriers to competition. ALECs, such as KMC, admit that long-term contracts "provide a useful mechanism for attracting customers and delivering cost savings to those customers." KMC at 2. Presumably, KMC and other ALECs have entered into long term contracts with their own business customers. Such contracts would present no less a barrier to other ALECs than would ILEC contracts, yet no ALEC has suggested that ALEC contracts be subject to

legislation in 1995, and the Telecommunications Act of 1996, this competition increased markedly with the entry of ALECs, like Time Warner, TCG, Intermedia and others. Johnston at 2-3. Accordingly, it is certainly not true that the contracts to be abrogated by these rules were entered into at a time when the ILEC was the only choice available.

It is also inaccurate for the proponents of these rules to claim that they would not have an opportunity to market their services to medium and large business customers absent the rules, or that the contracts in question are barriers to entry. Florida's economy is vibrant and growing, and the market for business telecommunications services is growing along with it. The entry of new business into Florida's economy and the addition of more telecommunications services by existing businesses (who presently might be ILEC customers) provide a constant source of marketing opportunities for ALECs. Johnston at 4. In addition, as Sprint points out in its comments, Sprint at 3, the average duration of the ILEC contracts at issue is three years. This means that about one third of all such contracts expire each year, providing additional marketing opportunities for ALECs. *Id.* ALECs also are permitted to resell BellSouth's contracts (and receive a wholesale discount). Of course, customers faced with an attractive offer from an ALEC also may choose to terminate their contracts early and honor the termination provisions. Given all of these opportunities to market their services to business customers, it would be ludicrous to suggest, as the rules'

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these rules. This highlights the fact that the rules, as proposed, would not be "carrier neutral," as FCCA and e.spire contend. FCCA at 1; e.spire at 1.

proponents do, that absent the adoption of these rules, the ALECs will not be able to market their services to business customers.

Indeed, many of the proponents of these rules, such as Sprint and Time Warner, were actively competing against business customers at the time these contracts were formed. As Sprint points out in its comments, virtually all contracts that would be affected by the rules have been entered into after January 1, 1997. Sprint at 3. As the Commission found in BellSouth's 271 proceeding, facilities-based ALECs, including Sprint, already were competing for business customers in BellSouth's territory by that time. BellSouth 271 Order at 15-30. This underscores the lack of any justification for these rules. It would be unfair, both to BellSouth and to newly entering ALECs, to give ALECs who have been marketing their services to these customers for years, an opportunity to win through regulation customers that they lost in the competitive arena.

The proponents' comments and testimony provide no justification for the proposed rules. The customers whose contracts are at issue did not lack for competitive alternatives when they agreed to enter into such contracts. The ALECs do not lack opportunities to compete for such customers today. Indeed, ALECs were actively competing against BellSouth when the vast majority of these contracts were formed. In view of the lack of any justification for these rules, they should be rejected.

Respectfully submitted this 29th day of April, 1999

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May 6, 1999

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 980253-TX ("Fresh Look") Docket

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Rebuttal Comments, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Michael P. Goggin

Michael P. Goggin (bd)

Enclosures

cc: All parties of record
Marshall M. Criser III
William J. Ellenberg II
Nancy B. White

118186

DOCUMENT NUMBER-DATE
05769 MAY-6 99
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts.	)))))	Docket No. 980253-TX Filed: May 6, 1999

REBUTTAL COMMENTS OF BELLSOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its Comments in rebuttal to the responsive comments submitted by other parties on the proposed "Fresh Look" rules.[1]

Three proponents of the proposed "Fresh Look" rules have filed comments in response to BellSouth's comments and testimony in this matter.[2] Each claims that the proposed rules are needed because BellSouth's customers purportedly entered into long term agreements "in a monopoly environment," when BellSouth was the only available alternative. *See, e.g.* KMC at 16; FCCA at 1. In spite of prior Commission findings that competition, including switched-based competition from ALECs, has existed for some time in BellSouth's territory, none of the rules' proponents provides any evidence to suggest that the customers whose contracts would be affected by the proposed rules did not

[1] AT&T filed its initial comments in this matter on April 29. These comments do not add anything to what has been said already by other proponents of the "fresh look" rules. For this reason, and because they were filed late, the Commission need not consider them. BellSouth will respond to them, to the extent necessary, in these Rebuttal Comments.

[2] Petitioner's Response to Comments by BellSouth Telecommunications, Inc. and in Support of the Proposed Rules ("Time Warner"); The Florida Competitive Carriers Association's Responsive Comments on Proposed Fresh Look Rule ("FCCA"); and Responsive Comments of KMC Telecom Inc. and KMC Telecom II Inc, in Support of Adoption of a Fresh Look Rule ("KMC"). As noted above, AT&T also filed its initial comments, which are more or less a restatement of the FCCA's comments.

have competitive alternatives available to them when they selected BellSouth. These proponents also take issue with BellSouth's contention that the proposed rules are beyond the express statutory authority of the Commission and would violate the Florida and Federal Constitutions. These arguments are based on a misapplication of relevant precedents and should be dismissed.

The absence of any evidence that customers lacked competitive alternatives at the time they entered into the contracts that these rules would permit them to abrogate, demonstrates the utter lack of any justification for the rules. BellSouth would not have been permitted to offer such contracts if it had not been subject to "uneconomic bypass" (i.e. competition) years before the 1995 Florida price regulation legislation or the federal Telecommunications Act of 1996. Moreover, logic dictates that BellSouth would have had no incentive to offer these customers discounts from its tariffed rates, as it has in these contracts, but for the presence of lower cost alternatives offered to prospective customers. The number of carriers and types of competitive alternatives were multiplied by the 1995 legislation and the Telecommunications Act of 1996.

The proponents of the rule offer no testimony to support their assertions that the contracts were signed at a time when no competitive alternatives existed. Instead, they offer market share statistics and claim that BellSouth's share demonstrates the lack of competing alternatives. FCCA at 2; KMC at 6, 7-8.[3] In fact, the opposite is true.

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[3] It should be noted that the market shares cited by the rules' proponents are misleading to say the least. The figures include both business and residential access lines. Moreover, none of the figures attempt to

While it is clear that competitive alternatives were available prior to 1996, it is also clear that the number of competitive alternatives has grown at an explosive rate. Within months of the 1996 Act's passage, six carriers of local exchange service were actively competing with BellSouth.[4]

By mid-1998, the number of local exchange carriers had increased over 800 percent to 51.[5] Indeed, as the Commission found in BellSouth's proceeding under Section 271, by 1997, BellSouth faced competition for business customers from competing providers of local exchange service throughout its territory. *See,* Response Comments of BellSouth Telecommunications Inc., at 2. This is all, of course, in addition to providers of Shared Tenant Services, PBX vendors and others who had been competing for these customers long before the passage of Florida's price regulation statute or the Telecommunications Act.

More importantly, the number of access lines provided to business customers by these carriers is growing at a rate of over 300 percent annually and their share of the business market is increasing at a like rate.[6] These plain facts, which the rules' proponents conveniently ignore, demonstrate that business

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gauge competition from local access line substitutes, such as PBXs, and KMC's figures fail to take into account facilities-based competition in any form. Moreover, as BellSouth noted in its response comments in this docket, high market shares do not, as KMC suggests, equate to market power. Economists and the courts generally agree that to prove market power, it must be shown that a seller in a defined market has the power to raise prices and restrict output. *See e.g., Eastman Kodak Co. v. Technical Servs., Inc.,* 112 S. Ct. 2072, 2080-81 (1992). KMC has not attempted to even define a relevant market, much less offer proof of market power.

[4] Florida Public Service Commission, *Competition in Telecommunications Markets in Florida (1996 FPSC Report)* at 40-43. (Dec. 1996).

[5] Florida Public Service Commission, *Competition in Telecommunications Markets in Florida (1998 FPSC Report)* at 36-47. (Dec. 1998).

[6] *Id.* at 46-47. *Compare,* Florida Public Service Commission, *Competition in Telecommunications Markets in Florida (1997 FPSC Report)* at 66-73 (Dec. 1997).

customers have enjoyed competitive alternatives to BellSouth for years, and have seen their options multiply in the last three at a dizzying rate. Moreover, the explosive growth in the number of business access lines served by carriers competing with BellSouth is testimony to the fact that the contracts to be abrogated under the proposed rules are not barriers to entry in this market.

Against these undeniable facts, the only purported fact offered by the rules' proponents to show that no competitive alternatives were available are misleading market share statistics. Even if the market shares offered related to the market in which the proposed rules are designed to intervene, they would not show a lack of competitive alternatives existed at any time. All they would indicate is that, given a plethora of competitors, a steadily decreasing majority of customers chose BellSouth.

In view of past Commission findings that business customers have had competitive alternatives to BellSouth for years, the rules' proponents have the burden to prove that the contracts to be abrogated under the proposed rules were signed at a time when no competitive alternatives to BellSouth existed. Merely repeating the assertion will not make it true. No party has produced any evidence to support this assertion. Accordingly, the Commission should disregard any argument that it justifies the adoption of these rules.

Similarly, the Commission should dismiss any suggestion that BellSouth's term contracts constitute barriers to entry. The explosive growth of ALEC business is enough to disprove this assertion. More telling, however, is the fact that the rules' proponents recognize that long-term contracts are not barriers to entry. *See, e.g.* AT&T at 3. They argue that only long-term contracts entered into before the availability of competitive alternatives should be abrogated. *Id.* In view of the evidence of competitive alternatives and the absolute lack of any proof to the contrary, then according to AT&T's logic, there is no reason to assume that BellSouth's contracts are barriers to entry, any more than one would assume so of Time Warner's or the contracts of any other ALEC.

The proponents' contention that the proposed rules would be constitutional is also somewhat hollow. Their analysis suffers from a misreading of the key precedents. Their arguments ultimately fail, however, because of their utter lack of any factual justification for the rules.

In a nutshell, KMC, FCCA and Time Warner all contend that because telecommunications is a regulated industry, BellSouth could not reasonably expect that it has any constitutionally recognized rights in its contracts. This surprising assertion is based on a misreading of the decision in *Energy Reserves Group Inc. v. Kansas Power & Light Co.*, 459 U.S. 400 (1983). In that case, a contract for the purchase of wellhead gas by a utility was found not to have been substantially impaired by a Kansas Statute that imposed price ceilings on the sale of wellhead gas, frustrating the price escalator clause in the producer's agreement. *Id.* at 410-420. The reasons for the Court's holding were that the parties' contract expressly recognized that gas prices were fixed by regulation; indeed the governmental price escalation clause would only operate in the event that Kansas or the federal government acted to raise prices. The court found that "at the time of the execution of the contracts, ERG [the producer] did not expect to receive deregulated prices. The very existence of the governmental price escalator clause indicates that the contracts were structured against the background of regulated gas prices." *Id.* at 415. The fact that the gas producer's stated expectation was that the contract price would be fixed under federal or state law meant that its reasonable expectations were not substantially impaired when Kansas adopted a price for intrastate gas sales that was lower than the rates adopted by the federal government for interstate sales. *Id.* at 416.

The fresh look proponents misinterpret the fact-specific holding in *Energy Reserves* as a broad statement that no participant in an industry regulated by a state can have any reasonable expectation that its contracts will not be substantially impaired by the state. Time Warner, for example, says that such contracts "are simply not the type of private commercial contracts envisioned to be protected by the Contract Clause." Time Warner at 7. If the Supreme Court had believed this to be true, its opinion in *Energy Reserves* would have been a great deal shorter. Contrary to Time Warner's assertion, it is the state's exercise of its police power that must be examined to determined to see if it violates the Contract Clause, not the other way around.[7]

The first step in the analysis of a state regulation like the proposed rules is whether it would substantially impair a contract relationship. *Id.*at 411. Whether

[7] Similarly, the other authorities cited by the proponents do not stand for the proposition that the fact of regulation alone negates constitutional protections. Rather, these cases recognize that a state's exercise of its police power must serve a significant and legitimate public purpose. *See, e.g., H. Miller & Sons v. Hawkins*, 373 So.2d 913, 914 (Fla. 1979) ("[C]ontracts with public utilities are made subject to the reserved authority of the state, under the police power on express authority or constitutional authority, to modify the contract *in the interest of the public welfare* without unconstitutional impairment of contracts.") (emphasis added).

the industry to which the contract relates is regulated is a factor to be considered, but so is the degree to which the contract would be impaired. *Id.* The fact that an industry is regulated does not end the inquiry.

In this case, the degree and direction of regulation are substantially different than in *Energy Reserves*. BellSouth is not subject to rate of return regulation. The prices in the contracts at issue are not fixed by the Commission[8] and, unlike the parties in *Energy Reserves,* BellSouth and its customers have no reasonable expectation that they will be. That case concerned the gas industry at a time when regulators believed that regulation was a better governor of industries than free markets would be. The case also arose during the height of the energy crisis. The parties knew that the price provisions in their contracts would be determined by regulators and memorialized this fact in their agreement. By contrast, these contracts concern the sale of services in a deregulated telecommunications market. The legislature has encouraged the formation of such contracts by doing away with rate of return regulation and removing regulatory barriers to entry by competing providers. Indeed, the legislature specifically recognized in the 1995 legislation that discount contracts designed to meet competitive alternatives were in use and should be encouraged:

> Nothing contained in this section shall prevent the local exchange telecommunications company from meeting offerings by any competitive provider of the same, or functionally equivalent, non-basic services in a specific geographic market or to a specific customer

[8] Indeed, contrary to Time Warner's belief, the Commission lacks the statutory authority to determine just and reasonable rates for these contracts under Florida Statutes Section 364.14. *See* Florida Statutes Section 364.051(1)(c).

> by deaveraging the price of any non-basic service, packaging non-basic services together or with basic services, using volume discounts and term discounts, and offering individual contracts.

Florida Statutes Section 364.051(6)(a). Given the clear intent of the state to deregulate telecommunications markets and the clear statutory recognition and encouragement of precisely the sort of contracts at issue, no reasonable business would expect that the state intended to somehow override the constitutional protections that attach to all contracts.[9] Accordingly, it would be unreasonable to state that BellSouth has no contractual rights to impair.

As stated in BellSouth's initial comments, the impairment of BellSouth's rights would be total – the proposed rules authorize the abrogation of BellSouth's agreements with its business customers. Accordingly, the analysis must be focused on whether a significant and legitimate public purpose would be served by the adoption of the rules. *Energy Reserves*, 459 U.S. at 410-14. The purpose of this requirement is to be certain that the state's police power is not merely being used to provide a benefit to special interests. *Id.* at 412.

The purported justification for the rule is to promote competition. Leaving aside for the moment the irony of asking regulators to pass additional regulation to make a deregulated market more competitive, the rules' proponents have not demonstrated how competition would benefit from the rule. The affected contracts were entered into by customers with a range of competitive

[9] It should be noted that there is no express authority given to the Commission , in this section or elsewhere, that would permit rules to be adopted abrogating such contracts after they have been formed, nor do any of the rules' proponents cite any.

alternatives, a fact that the proponents have not even attempted to rebut with evidence. Moreover, most of the agreements were signed at a time when rule proponents like Time Warner and KMC were themselves actively competing against BellSouth. In short, the proponents have identified no category of contracts that were signed "in a monopoly environment" or when BellSouth was the "only alternative." The failure of the rules' proponents to put any evidence into the record in this matter that would justify the rules demonstrates that they are not reasonably related to any significant or legitimate *public* purpose. The rules undoubtedly would benefit some competitors, but this is not the same thing as to benefit competition.

The proposed rules lack justification. The rules' proponents have provided no evidence of the purported justification because there is none. For the same reason, the rules would not serve any significant or legitimate public purpose. For these reasons, and the reasons stated in BellSouth's prior comments, the Commission should decline to adopt the proposed rules.

Respectfully submitted this 6th day of May, 1999

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CERTIFICATE OF SERVICE
Docket No. 980253-TX

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via U.S. Mail this 6th day of May, 1999 to the following:

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Ms. Blanca S. Bayo, Director
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April 23, 1999

Re: Docket No. 980253-TX
Petition to Initiate Rulemaking Pursuant to Section 120.54(7), F.S., to Incorporate "Fresh Look" Requirements to all Incumbent Local Exchange Company Contracts by Time Warner AxS of Florida, Inc.

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of the Direct Testimony of David E. Robinson on behalf of GTE Florida Incorporated for filing in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at (813) 483-2617.

Sincerely,

Anthony P. Gillman

for Kimberly Caswell

KC:tas
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts	DOCKET NO. 980253-TX

DIRECT TESTIMONY

OF

DAVID E. ROBINSON

ON BEHALF OF

GTE FLORIDA INCORPORATED

APRIL 23, 1999

GTE FLORIDA INCORPORATED

DIRECT TESTIMONY OF DAVID E. ROBINSON

DOCKET NO. 980253-TX

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is David E. Robinson. My business address is GTE Telephone Operations, 600 Hidden Ridge, Irving, Texas 75038.

Q. WHAT IS YOUR POSITION WITH GTE?

A. I am Manager-Regulatory Planning and Policy for GTE Service Corporation. I am responsible for policymaking on regulatory issues dealing with local competitive entry. The regulatory policy function is centralized in Irving, Texas for all of the GTE Telephone Operating Companies, including GTE Florida Incorporated (GTEFL), which is one of the companies within my area of responsibility.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I hold a Bachelor of Science degree in Business Administration-Finance from California State University and a Master of Business Administration degree from St. Mary's College of California.

My telephony experience began with CONTEL Corporation in their California offices in 1973. I held various positions with CONTEL in the areas of Operations, Rates, Tariffs, Regulatory, and Industry

Affairs. In 1979, I left CONTEL and worked, successively, as a personal financial consultant, a financial manager for an oil services firm, and Director of Business Development for a telecommunications consulting firm. I rejoined CONTEL in 1985, and was assigned to represent CONTEL as on "on loan" employee to the National Exchange Carrier Association, Inc. (NECA), Pacific Region, as Manager of Operations and Industry Relations. After the GTE/CONTEL merger in 1991, GTE called me back from my NECA assignment and I assumed the position of Product Manager. I joined the GTE Federal Regulatory Group in November of 1997 and assumed my present responsibilities in November, 1998.

Q. **HAVE YOU EVER TESTIFIED BEFORE ANY PUBLIC UTILITIES COMMISSIONS?**

A. Yes, I have testified before this Commission in the areas of rates, tariffs, and product design and delivery. I have also appeared as an expert witness for CONTEL and GTE telephone companies before state utilities commissions in Maine, New Hampshire, New Mexico, Pennsylvania, South Carolina, Vermont, Virginia, and West Virginia, in the areas of service cost, rate and tariff design, and product and service management.

Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. I will explain why a fresh look rule is not needed in Florida, and I will describe the problems with Staff's proposed rule.

Q. **HOW DID THIS PROCEEDING BEGIN?**

A. In February of last year, Time Warner AxS of Florida, L.P. (Time Warner) filed a petition for rulemaking asking the Commission to implement a fresh look rule that would permit customers of incumbent local exchange carriers (ILECs) to terminate their contracts with ILECs without having to pay the termination liabilities prescribed by those contracts.

Q. **WHAT ACTION DID STAFF RECOMMEND ON TIME WARNER'S PETITION?**

A. Staff recommended that the Commission deny Time Warner's petition. It concluded that there was no "compelling need" for a fresh look policy. In support of this conclusion, Staff recognized that "LECs typically offer contract service arrangements (CSAs) to large business and government customers, and these customers usually have knowledgeable telecommunications managers who are involved in the contract negotiations. For contracts entered into after the 1995 rewrite of Chapter 364, Florida Statutes, staff believes that it is reasonable to expect that these telecommunications managers would have considered the possibility of future alternatives for local switched services and would have considered this factor when agreeing to the term of the contract." Staff further pointed out that the Commission had, through arbitration decisions under the Telecommunications Act of 1996 (Act), ordered ILECs to resell their CSAs: "This affords ALECs another entry strategy, which staff believes further mitigates the need for 'fresh look.'" (Staff Recommendation in this Docket, Feb. 26, 1998.)

Q. HAS A COMPELLING NEED FOR A FRESH LOOK POLICY DEVELOPED SINCE THIS STAFF RECOMMENDATION?

A. No. The need for a fresh look rule has, if anything, become even less compelling. Fresh look applies, in practice, to big contracts for large telecommunications users. Staff concluded over a year ago that it was reasonable to expect that those sophisticated users "would have considered the possibility of future alternatives for local switched services" before they entered contracts with ILECs. It is, likewise, reasonable to expect that these large customers have become even more aware of their alternatives in the year that has passed since the Recommendation. The ILECs' competitors, moreover, have had another year to take advantage of the contract resale opportunity the Commission granted them in the arbitrations.

Q. IF STAFF FOUND NO NEED FOR A FRESH LOOK RULE, WHY HAS SUCH A RULE BEEN PROPOSED?

A. It's my understanding that the Commission felt it should give the proponents of fresh look an opportunity to be heard. Since that opportunity comes within the context of a rulemaking, Staff needed to propose a rule, along with supporting rationale. This does not mean, however, that the Commission has determined that <u>any</u> rule is needed. That determination will be made as a result of this proceeding.

Q. **PLEASE EXPLAIN THE CONTRACT RESALE REQUIREMENT YOU MENTIONED EARLIER.**

A. In arbitrations under the Act, the Commission decided the ILECs would be required to resell their CSAs to their competitors at the avoided cost discount. (See, e.g., Petition by AT&T Comm. of the Southern States, Inc., MCI Telecomm. Corp. and MCI Metro Access Transmission Services, Inc. for Arbitration, Order No. PSC-97-0064-FOF-TP, at 47-48 (Jan. 17, 1997). For GTEFL, this wholesale discount is 13.04%. (Id. at 77.) The resale requirement thus means that a competitor can take GTEFL's CSA, and its CSA customer, and offer the same contract to the same customer at a 13.04% discount off GTEFL's price to the customer. The competitor's ability to win the customer from GTEFL is not due to its greater efficiency or marketplace skill, but solely to the regulatory requirement that CSAs must be resold at the avoided cost discount.

Q. **DOESN'T THE RESALE REQUIREMENT ELIMINATE ANY THEORETICAL NEED FOR FRESH LOOK?**

A. Yes, from the perspective that it already gives the end user the opportunity to switch to a CLEC without regard to the fact that it has an existing contract with the ILEC. Fresh look would give customers the same kind of opportunity. There is no justification for yet another rule forcing the ILECs to hand over their customers to their competitors.

Q. HAS THE CONTRACT RESALE REQUIREMENT HARMED GTEFL'S ABILITY TO OFFER CONTRACT SERVICES TO ITS CUSTOMERS?

A. Yes. GTEFL has little motivation to expend the resources necessary to negotiate and execute CSAs if it knows its competitors can just take the CSA and the customer away later. The resale requirement's chilling effect on contracts is apparent in GTEFL's CSA statistics. The requirement was adopted for GTEFL in January 1997. As Staff calculated for GTEFL, "the number of new CSAs provided annually increased from 1994 to 1995, but by 1997 showed a 77% decrease from 1994 levels." (March 4, 1999, Staff Rec. in this Docket, at 15.) A fresh look requirement, in addition to the existing resale requirement, would further suppress GTEFL's use of CSAs, thus eliminating an attractive choice GTEFL's customers would otherwise have had. This effect is plainly anti-competitive and anti-consumer.

Q. ARE THERE OTHER PUBLIC POLICY HARMS ASSOCIATED WITH A FRESH LOOK RULE?

A. Yes. Fresh look is really only directed at large business customer contracts. These accounts are some of the most lucrative–which is why the CLECs want to take them. These relatively higher margin arrangements contribute significantly to maintaining residential rates that are, on average, well below their relevant costs. As competitors have entered more and more of the ILECs' market segments, sources of contribution to local rates have substantially declined. For instance, intraLATA toll has historically been a principal source of contribution to local rates. Since intraLATA equal access was implemented, GTE has lost most of its intraLATA market share. While there may have been legitimate public policy reasons to permit competition for intraLATA toll and other services, there is no public interest justification for a rule that will allow sophisticated business customers to escape contracts that are legally valid, otherwise enforceable, and in the public interest. GTE believes the Commission should require a very high showing of need for a fresh look rule before it considers sanctioning the erosion of yet another source of contribution to universal service. This effect is particularly troublesome because CLECs taking the ILECs' contract customers do not currently contribute anything to maintenance of universal service in Florida.

Q. HAVE OTHER STATE COMMISSIONS FOUND THAT A FRESH LOOK RULE WAS NOT APPROPRIATE?

A. Yes. A number of Commissions have rejected fresh look, citing both legal and policy grounds. With regard to policy, for example, the Michigan Public Service Commission held that allowing abrogation of long-term contracts would "constitute poor public policy." The Commission noted that, "given the rapid developments in the telecommunications industry, customers should be aware of the increasing competition in the marketplace" and the "risk involved in entering into long-term contracts in such an environment." (In re: Application of City Signal, Inc., for an order establishing and approving interconnection Arrangements with Ameritech Michigan, Case No. U-10647, Opinion and Order, at 79-80 (Feb. 23, 1995).) Notably, the Michigan decision was rendered in early 1995, so this rationale has even more force today.

The Vermont Public Service Board likewise concluded that "NYNEX should not be required to give its customers a 'fresh look' because there was 'no reason to free these customers from the obligations they knowingly took on." (In re: New England Tel. & Tel. Co., Docket 5713 (Vt. Pub. Serv. Bd., Aug. 20, 1997).)

These and other states' decisions rejecting fresh look have also emphasized legal prohibitions against a fresh look policy.

Q. DOES GTE BELIEVE THERE ARE LEGAL, AS WELL AS POLICY, REASONS WHY THE COMMISSION SHOULD NOT ADOPT ANY FRESH LOOK RULE?

A. Absolutely. GTE's lawyers will, in other filings in this proceeding, fully explain the legal prohibitions against any fresh look requirement. I am not qualified to perform a legal analysis. However, in talking with the Company's lawyers, I understand that this Commission has no statutory authority to adopt a fresh look rule, and that such a rule would violate the Constitutional proscription against abrogation of contracts and would constitute an impermissible taking of the ILEC's property.

Q. HAS THERE BEEN ANY FINDING OR ALLEGATION THAT THE TERMINATION CHARGES IN ILEC CONTRACTS ARE EXCESSIVE OR OTHERWISE CONTRARY TO THE PUBLIC INTEREST?

A. No. There has been no allegation that the termination liability provisions of the contracts or tariffs are excessive or otherwise contrary to public policy.

Q. WHAT ARE THE KEY FEATURES OF STAFF'S PROPOSED FRESH LOOK RULE IN THIS CASE?

A. The fresh look opportunity to avoid prescribed termination charges would apply to contracts and tariffed term plans including local telecommunications services (that is, services including dial tone and flat-rated or message-rated usage) executed prior to the rule's effective date and remaining in effect for at least six months after that date. In data requests, Staff has assumed a January 1, 2000 effective date. The fresh look window would open 60 days after the effective date and close two years later. The ILEC would have to establish a company contact to address fresh look inquiries and requests. To initiate the fresh look process, an end user would provide a written Notice of Intent to Terminate an eligible contract.

The ILEC would respond with a Notice of Termination Liability within 10 days. Such termination liability would be limited to "any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract." When the end user receives the Statement of Termination Liability from the ILEC, he will have 30 days to provide a Notice of Termination or the contract will remain in effect. The end user would have the option of paying any termination liability in a lump sum or in monthly payments over the remainder of the term specified in the terminated contract.

Q. **WHAT ARE YOUR SPECIFIC CRITICISMS OF THE PROPOSED RULE?**

A. As I said, GTE's position is that no rule at all is necessary. But this specific rule is especially extreme. Among the more unreasonable aspects are the fresh look eligibility date of 2000, the extraordinarily long fresh look window, and the failure to reprice the contract to recognize the shorter term once fresh look is exercised. Also troubling are the increased, uncompensated administrative burdens on the ILEC associated with responding to fresh look inquiries, calculating termination, and maintaining an account for an entity that is no longer the ILEC's customer.

Q. **WHY IS A FRESH LOOK CONTRACT ELIGIBILITY DATE OF JANUARY 2000 OR BEFORE UNREASONABLE?**

A. It assumes that large end user customers have been ignorant of the possibility of competitive alternatives all this time. The Florida Legislature opened the local market in 1995. The U.S. Congress followed suit the next year with the Telecommunications Act of 1996. That Act dramatically altered the telecommunications landscape, imposing extensive interconnection, resale, and network unbundling obligations upon the ILECs. The Act has been heavily publicized ever since it was first proposed in Congress. It is still the subject of intense media coverage. There is little possibility that a reasonably aware person (let alone a person with a telecommunications-oriented job) could have avoided knowledge of the Act and its ramifications. Yet the proposed rule, if adopted, will allow fresh look for contracts executed up to the effective date of the rule, which will likely be sometime in 2000. The rule would thus assume that telecommunications managers for large end users did not know about the advent of competition and that they could not have factored this development into their decisions about contract duration. This assumption is wholly unreasonable and certainly not a sound foundation for a major public policy decision. If, contrary to well-reasoned advice, the Commission insists on adopting any fresh look rule, the fresh look eligibility cut-off date should be no later than February 1, 1996 (that is, only contracts executed up until that date should be eligible for fresh look). By that time, the sophisticated customer group to which fresh look will apply would certainly have known about the Florida and federal legislation opening local telecommunications markets–if not the competitive alternatives themselves. In this regard, Florida is one of the most active states in terms of CLEC certification. The Commission has granted over 250 CLEC certificates statewide; the avalanche of CLEC applications began soon after the Florida Legislature adopted the 1995 revisions opening the local exchange.

Q. WHY IS A TWO-YEAR FRESH LOOK WINDOW TOO LONG?

A. For the same reasons I discussed above. It is unreasonable enough to assume that large end users did not know about impending competitive alternatives until 2000. An additional two years for these customers to exercise a fresh look opportunity is just that much more irrational. Even if we assume these customers could not have known about competitive alternatives until 2000, they do not need a period as long as two years to educate themselves and to initiate the contract termination process if they wish to do so.

Q. WHY SHOULD CONTRACT REPRICING BE NECESSARY IF THE COMMISSION ADOPTS A FRESH LOOK RULE?

A. A fresh look rule can never be neutral in effect, since it takes rights and benefits from the ILEC without any corresponding benefits. But neither should it be punitive. The objective should be to at least put the ILEC back in the position it would have been if the customer had taken a shorter contract. The proposed rule does not do that because it does not permit contract repricing.

Contract repricing recognizes that a shorter contract will usually be priced higher than a longer contract, and that the customer has already received benefits under the contract up until the point he decides to terminate it. Contract repricing is not a novel concept. The FCC employed it, for example, in its Expanded Interconnection Order issued in 1992. There, the FCC allowed a limited fresh look option for long-term special access arrangements for six months following the availability of the expanded interconnection arrangements it ordered. (Expanded Interconnection with Local Tel. Co. Facilities, Second Memorandum Opinion and Order on Reconsideration, 8 FCC Rcd 7341 (1993) (Recon. Order) (the original Order was issued in 1992).) The FCC did not require the ILECs to eliminate all termination liabilities. Rather, it limited termination charges to (1) the difference between the amount the customer had already paid and (2) any additional charges the customer would have paid for service if the ***customer had originally taken a shorter term arrangement*** corresponding to the term actually used. The FCC also directed that interest be added to the resulting amount. (Recon. Order at para. 40.) This scheme was intended to ensure that the LECs "will obtain the compensation appropriate for the term actually taken by the customer." (Id. at para. 41.)

Q. WON'T THE PROPOSED RULE'S ALLOWANCE FOR UNRECOVERED NON-RECURRING CHARGES PUT THE ILEC IN

THE SAME POSITION IT WOULD HAVE BEEN IN IF THE CUSTOMER HAD TAKEN A SHORTER CONTRACT TERM?

A. Not necessarily. GTE often spreads nonrecurring charges over the life of the contract, in part to avoid requiring the customer to make an unduly large up-front payment. As GTE interprets the proposed rule, these charges would be recoverable and would go at least part of the way toward assuring the ILEC receives recovery appropriate to the shorter contract term. But the proposed rule does not account for other pricing variables that depend on a contract's term. For instance, the company will often give deeper discounts for a longer contract term because it is assured a specific amount of revenues over that term. When that term is prematurely curtailed, the customer gets an unjustified windfall. Moreover, applying a long-term contract discount to the shorter-term contract resulting from exercise of fresh look could mean that the contract is impermissibly priced below cost.

Q. WHAT ADMINISTRATIVE COSTS WOULD THE PROPOSED FRESH LOOK RULE IMPOSE ON THE ILECS?

A. The rule will raise GTEFL's costs in several ways. It directs GTEFL to designate a contact for fresh look inquiries. GTEFL will have to either hire an individual to perform this function or an existing employee will have to take on fresh look responsibilities, thus taking away time from serving GTEFL's own customers. The same is true for the person(s) given the job of calculating termination liabilities. This task can be expected to take up considerable time, as there will inevitably be disputes about the proper amount of termination liability in particular cases. In addition, the requirement to offer a monthly payment plan for nonrecurring charges would force GTEFL to maintain accounts and issue bills for entities that are no longer its customers. Because the rule does not contemplate recovery of any of these costs, they will have to be passed on to GTEFL's ratepayers, even though these customers get no benefit at all from a fresh look rule. So GTEFL's competitors will benefit not only through the opportunity to take GTEFL's customer, but because the increased costs and inefficiency imposed by fresh look will make it harder for GTEFL to successfully compete.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. There is no need for a fresh look rule, especially when CLECs already have the opportunity to take away ILEC customers through the contract resale requirement. Fresh look will benefit only large business customers (and CLECs), at the expense of the average ratepayer. The proposed fresh look rule is especially onerous. It unreasonably assumes that sophisticated customers were not aware of the advent of local competition and could not factor this development in their contract negotiations. The rule, moreover, does not recognize that contracts must be repriced in order to place the ILEC in the same position it would have been in had the end user originally taken a shorter-term arrangement.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the Direct Testimony of David E. Robinson on behalf of GTE Florida Incorporated in Docket No. 980253-TX were sent via U. S. mail on April 23, 1999 to the parties on the attached list.

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May 6, 1999

Re: Docket No. 980253-TX
Petition to Initiate Rulemaking Pursuant to Section 120.54(7), F.S., to Incorporate "Fresh Look" Requirements to all Incumbent Local Exchange Company Contracts by Time Warner AxS of Florida, Inc.

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of the Rebuttal Testimony of David E. Robinson on behalf of GTE Florida Incorporated for filing in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at (813) 483-2617.

Sincerely,

Kimberly Caswell /ke

Kimberly Caswell

KC:tas
Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the Rebuttal Testimony of David E. Robinson on behalf of GTE Florida Incorporated in Docket No. 980253-TX were sent via U. S. mail on May 6, 1999 to the parties on the attached list.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules 25-4.300, F.A.C., Scope and Definitions; 25-4.301, F.A.C., Applicability of Fresh Look; and 25-4.302, F.A.C., Termination of LEC Contracts	)))))	DOCKET NO. 980253-TX

REBUTTAL TESTIMONY

OF

DAVID E. ROBINSON

ON BEHALF OF

GTE FLORIDA INCORPORATED

MAY 6, 1999

GTE FLORIDA INCORPORATED

REBUTTAL TESTIMONY OF DAVID E. ROBINSON

DOCKET NO. 980253-TX

Q. PLEASE STATE YOUR NAME AND EMPLOYER.

A. My name is David E. Robinson and I work for GTE Service Corporation.

Q. ARE YOU THE SAME DAVID E. ROBINSON WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?

A. I will respond to other parties' previously filed Comments and testimony, including those of the Florida Competitive Carriers Association (FCCA), Supra Telecom & Information Systems, Inc. (Supra), e.spire Communications, Inc. (e.spire), Time Warner Telcom of Florida, L.P. (Time Warner), KMC Telecom II, Inc. (KMC), AT&T Communications of the Southern States, Inc. (AT&T), and Sprint Corporation (Sprint).

Q. THE CLEC INTERESTS IN THIS PROCEEDING ARGUE THAT A FRESH LOOK RULE IS NECESSARY BECAUSE OF THE PERSISTENT "MONOPOLY ENVIRONMENT." WHAT'S WRONG

WITH THIS RATIONALE?

A. At least two things. First, the key question in considering a fresh look rule is not how much competition there may have been in particular areas at various points in time, but rather whether large contract customers should reasonably have known about the advent of competition. Second, I disagree, in any event, with the CLECs' premise that there has not been meaningful competition for the services at issue in this docket.

Q. WOULD YOU EXPLAIN YOUR FIRST POINT IN MORE DETAIL?

A. Yes. CLECs argue that, even after the passage of the Telecommunications Act of 1996 (Act), customers did not have competitive alternatives to the ILECs. They therefore contend that a fresh look rule is necessary to release "captive customers" from contracts and tariffed term plans with the ILECs, so that these consumers can consider alternative offerings. (See, for example, KMC II Comments at 3; e.spire Comments at 1; Supra Comments at 3; FCCA Comments at 1.)

I agree that markets did not necessarily become fully competitive immediately after they were opened by statute. But I disagree that this factor compels the conclusion that a fresh look rule is necessary.

The more relevant point for purposes of this proceeding is that, whether or not there was significant competition for local service in particular markets in 1995 or 1996 or later, customers knew or should reasonably have known that competitive alternatives were coming. Because they entered contracts with such knowledge, there is no reason to permit them to terminate valid and lawful agreements.

The Commission's own Staff explained this point best:

> "LECs typically offer CSAs to large business and government customers, and these customers usually have knowledgeable telecommunications managers who are involved in the contract negotiations. For contracts entered into after the 1995 rewrite of Chapter 364, Florida Statutes, Staff believes that it is reasonable to expect that these telecommunications managers would have considered the possibility of future alternatives for local switched services and would have considered this factor when agreeing to the term of the contract. Consequently, staff questions the basic premise that CSAs are a barrier to competition."
>
> (Staff's Feb. 26, 1998, Recommendation in this Docket, at 3.)

Likewise, Mr. D'Haeseleer, the Commission's Communications Division Director emphasized, "these are big commercial users, these are sophisticated users, these are not mom and pop operations." (March 10, 1998, Agenda Tr., Item 11, at 23.)

Q. DID STAFF CHANGE ITS VIEW AFTER IT WAS ASKED TO PROPOSE A FRESH LOOK RULE?

A. No. At the agenda session where Staff's rule was proposed, Staff made clear that the level of competition in the market should not be the focus of the Commission's fresh look inquiry. Staff member Simmons stated:

> "Let me just mention that competitiveness of the market really isn't the key issue in my mind. It is we are dealing with end users that tend to be large and knowledgeable, and the question in my mind is when would those types of customers become--when would they reasonably have become knowledgeable of the prospects, perhaps not the actuality, but the prospect of options being available. And that is the key factor in my mind."

(March 16, 1999, Agenda Conf. Tr., Item 4, at 10.)

As I pointed out in my Direct Testimony, the customers at issue "would reasonably have become knowledgeable" about the prospect of greater local exchange competition a number of years ago. The Florida Legislature's 1995 revisions were well covered in both the popular and trade media. In addition, the Legislature directed the Commission to ensure that all customers were aware of the newly competitive environment. By January 1, 1996 (the date the local exchange was opened to competition in Florida), the Commission was required to implement a customer information program to tell subscribers about the possibility under the law of competitive providers of local exchange services. Under this program, GTE sent two different, successive inserts to all customers in the late 1995-early 1996 time frame telling them about the industry changes.

Even if large companies' telecommunications managers somehow missed the media coverage and bill inserts about the competitive changes at the State level, they certainly could not have remained ignorant of the 1996 federal Act. The Act was the focus of countless media stories in local and national newspapers and broadcasts, popular business magazines, and telecommunications trade journal articles, well before and then after the law was passed.

Given all of this information, no reasonably aware person–let alone an individual with a telecommunications-related job–could have failed to recognize that greater competition was coming to local markets. Telecommunications managers could and presumably did consider these future market changes in their contract negotiations, just as they could be expected to factor in a number of other possibilities, like future technological changes. Managers make these kinds of judgments every day during contract negotiations. They will choose a contract term that accommodates their degree of concern about these and other potential changes.

Q. TURNING TO YOUR SECOND POINT, CAN YOU RESPOND TO THE CLECS' ALLEGATIONS ABOUT THE LACK OF COMPETITION IN THE MARKET AT ISSUE?

A. Yes. The CLECs paint a picture of a monopoly local exchange market that is just now experiencing competitive entry. Indeed, they would like the Commission to believe that the market at issue is so embryonic that we need a fresh look window four years long. That scenario does not comport with the reality of the market at issue in this docket.

This docket concerns only the large business market segment--not the local exchange market in general. In Florida, as in all other states, this is the portion of the market that has experienced the most competition. CLECs will typically enter the market to serve business customers because that is where the money is. In this regard, they have been–and continue to be–quite successful.

The Commission's latest report on local competition, for instance, shows that, in certain metropolitan areas, CLECs have captured a substantial portion of total of business access lines–for example, 10-13.99% in Orlando and 14-17.99% in nearby West Kissimmee; 10-13.99% in Melbourne; 5-6.99% in Miami and Jacksonville; and 7-9.99% in Ft. Lauderdale. Even in Reedy Creek, a population center that is much smaller but relatively near Disneyworld, CLECs have obtained between 5 and 6.99% of business lines.

These numbers are significant, especially when one considers the raw line counts involved in the largest areas like Miami. Furthermore, these statistics don't tell us anything about revenues. In GTE's experience, a small portion of business customers accounts for a disproportionately large share of the Company's revenues. Because the CLECs are capturing many of these most lucrative customers, looking at line counts alone doesn't tell the whole story of relative success in the market.

It is also useful to consider the growth in CLEC business lines from the comparative perspective of the interLATA market after divestiture. Salomon Smith Barney reports that, in 1998, the CLECs had "more net business line additions than the Bells as a group." It observed that the combination of low cost capital and the public policy initiative to open local markets "has allowed the CLECs as a group to achieve in less than 2 years after the Telecom Act, what it took MCI and other alternative long distance carriers over 10 years to achieve during the *1970s and 1980s. If one takes the obvious logical extension of this,* this means that the 50% loss of market share that AT&T saw from 1986 through 1996 could be replicated in the local market in a much quicker time period." (Salomon Smith Barney, "CLECs Surpass Bells in Net Business Line Additions for First Time," May 6, 1998.)

Earlier this year, the Council of Economic Advisors reported that, at the rate CLECs are gaining customer lines, they will capture half of the business lines now in service within 10 years. By contrast, it took more than a dozen years after divestiture for long distance competitors to gain a 50% share of market revenues, and they still do not have that share of pre-subscribed lines or long distance minutes. (Progress Report: Growth and Competition in U.S. Telecommunications 1993-1998, The Council of Economic Advisers (Feb. 8, 1999).)

The trend of growth in CLEC business lines will likely continue with particular strength in Florida, which has a large and ever-expanding business base in numerous metropolitan markets–and over 260 certificated CLECs.

In short, examination of the data showing the CLECs' relatively rapid gains in business lines contravenes the CLECs' account of a market where regulatory intervention is necessary for competitors to succeed. The CLECs have achieved these advances without any fresh look rule, and will continue to do so in the absence of such a rule.

Q. BUT AREN'T THERE FLORIDA EXCHANGES WHERE THERE ARE NO CLECS SERVING BUSINESS CUSTOMERS?

A. Yes. Obviously, CLECs wishing to serve business customers can be expected to go where most of the business customers are. Big business customers likely to take contract services aren't usually located in rural and less populous exchanges. So it stands to reason that there probably won't be significant business competition in such areas anytime soon--regardless of whether the Commission adopts a fresh look requirement.

Q. **IF THE COMMISSION DECLINES TO ADOPT A FRESH LOOK RULE IN THIS PROCEEDING, WILL THE CLECS CONTINUE TO ENJOY REGULATORY ADVANTAGES, IN ANY EVENT?**

A. Yes. Even without a fresh look rule, the CLECs already have a number of artificial advantages. For purposes of this docket, the most extraordinary is the contract resale requirement. This requirement, which I discussed in my Direct Testimony, compels GTE to sell its contracts at a 13.04% discount to its competitors. So the competitor can already take GTE's contract (and the associated customer) today, without any termination liability. This is, in effect, a fresh look requirement; resellers will get no additional benefit from another such rule in this proceeding.

Q. **BUT ISN'T A FRESH LOOK RULE STILL NECESSARY TO HELP FACILITIES- BASED PROVIDERS COMPETE?**

A. No. As I discussed here and in my Direct Testimony, there is no need for any fresh look requirement. Large business customers should reasonably have been aware of the advent of competition, allowing them to negotiate appropriate contract terms. These entities are quite capable of looking out for their own interests.

Although the Commission may have felt legally compelled to adopt the contract resale requirement, it should feel no such compulsion, on either law or policy grounds, to expand fresh look opportunities to facilities-based providers. Like the large customers they target, these CLECs are very capable of obtaining customers without Commission intercession.

Like BellSouth (Johnston Direct Testimony at 4-6), GTE has been competing against facilities-based CLECs since they were first certificated in Florida in 1995. In fact, the nation's largest, independent facilities-based CLEC, Intermedia Communications Inc. (ICI), is headquartered in the Tampa Bay area. ICI began as an alternative access vendor (AAV), in competition with GTE. In fact, a case involving ICI was the impetus for the Commission to find that certification of AAVs was in the public interest. ICI's AAV certification was expanded to CLEC certification just two months after the 1995 legislative revisions, so that it was ready to begin operation as a CLEC as soon as the local exchange was opened in January of 1996.

Because of its pioneering AAV activities, ICI has been the subject of intense publicity for years, both in Florida and at the national level; certainly, the large business community that is the target for contract services is very familiar with ICI. It is plainly unreasonable to give very capable and well established competitors like ICI the windfall of a fresh look rule after all this time.

Q. TURNING TO THE SPECIFICS OF THE PROPOSED FRESH LOOK RULE, SEVERAL OF THE CLECS HAVE PROPOSED A FRESH LOOK WINDOW OF FOUR YEARS. PLEASE COMMENT ON THIS PROPOSAL.

A. FCCA, Supra, and e.spire recommend that the fresh look window should remain open four years after the rule's effective date. (FCCA Comments at 2; Smith DT at 4; e.spire Comments at 2.) This would extend by two years the fresh look window Staff has proposed.

As I stated in my Direct Testimony, there is no legitimate reason for even a 2-year long fresh look window, let alone a window twice that long. (Robinson DT at 12.) Assuming a rule effective date of 2000, this would mean fresh look would apply to contracts executed up until the year 2004. Again, the principal problem with an unduly long fresh look window–including the Staff's proposed 2-year period–is that it assumes that large business customers have been unable to factor competitive changes into their negotiations. The CLECs would maintain this fiction for contracts entered even after the year 2000 effective date of the rule.

Even if we assume, like the CLECs do, that the state of competition in a given area, rather than customers' awareness of competitive possibilities, is the key to determining need for a fresh look rule, their logic still doesn't hold up. The only justification FCCA and e.spire can offer for their extreme proposal is that it "will help ensure that all (or most) areas of the state benefit from competition" (FCCA Comments at 2; e.spire Comments at 2).

The fact is that various areas of the state will see greater competition if and when a business case can be made for entry or expansion there. If there is money to be made from business customers in a particular area, the Commission can be assured that CLECs will enter there, as they have since 1995. A fresh look requirement is not likely to prompt any CLEC to enter a geographic market that it would not otherwise serve. Indeed, if the opportunity to serve the ILECs' customers in these new areas is such a powerful incentive, one would expect CLECs to take advantage of the contract resale opportunity available to them right now. The chief beneficiaries of any fresh look window, whether it's 4 months or 4 years, will likely remain the same–that is, sophisticated business customers in metropolitan areas, as well as the CLECs serving those customers. In other words, the fresh look rule will benefit the most sought-after customers in the most-served areas. Extending the window will only exacerbate fresh look's unwarranted windfall for these customers.

Supra seems to view a 4-year fresh look window as a kind of remedial measure. Its witness Smith alleges that: "Because of various problems ALECs are currently experiencing in the provision of local service, the longer window will provide even greater opportunities for consumers." (Smith DT at 4.) This reasoning deserves no serious consideration. This is not a complaint proceeding; in any event, Supra does not even have an interconnection contract with GTE, so it has no basis for making allegations about "various problems" in local service provision.

In short, a 4-year fresh look window is extreme, unjustified, and unprecedented. I am not aware of any fresh look rule anywhere that approaches what the CLECs, or, for that matter, Staff, have proposed. Of the few fresh look rules at the FCC and state level, I haven't seen any with a fresh look window longer than 6 months.

Q. HAVE ANY CLECS PROPOSED A FRESH LOOK WINDOW SHORTER THAN THE STAFF HAS?

A. Yes. Mr. Poag, witness for Sprint (presumably, both its CLEC and ILEC arms), favors a fresh look period of one year. He notes that: "From a competitive entrant standpoint, we recognize that six months is adequate time for customers who want to change carriers or respond to competitive solicitations and take action to cancel contracts pursuant to the rule....Most likely candidates for Fresh Look *would be targeted within the first few months of the window opening.* Closing the window after a reasonable period of one year would introduce certainty into the ILECs' business operations and would allow them to focus on competing for customers instead of processing requests for termination liability calculation and undertaking the time and cost of terminating services." (Poag Comments at 4.)

While I disagree with Mr. Poag's assessment about the need for any fresh look rule, I do agree that most likely fresh look candidates will be targeted within the first few months after the window opens, and that fresh look will introduce uncertainty and inefficiency into the ILECs' operations. Mr. Poag's observations, in my view, lead to the conclusion that a fresh look window, if a rule is adopted, should last no longer than a few months (six months at the outside). There is no justification for even a year-long period, given the administrative and other burdens on the ILEC, when fresh look benefits, if any, will be largely realized in the first few months after the rule's adoption.

Q. BELLSOUTH WITNESS RECOMMENDS THAT, IF A FRESH LOOK WINDOW WERE TO BE ESTABLISHED, IT SHOULD BE JULY 1, 1995. (JOHNSTON DIRECT TESTIMONY AT 4.) IS THIS RECOMMENDATION APPROPRIATE?

A. Yes. As Mr. Johnston notes, July 1, 1995, is the date that the current forms of telecommunications competition were authorized by statute in Florida. I had recommended that the cut-off date for eligibility for fresh look should be no later than February 1, 1996, when the federal Act was adopted. So BellSouth's recommendation is entirely consistent with my own. (Robinson DT at 11-12.)

Q. PLEASE COMMENT ON SOME CLECS' PROPOSALS TO ELIMINATE ALL TERMINATION LIABILITY FROM ILEC CONTRACTS TO WHICH FRESH LOOK IS APPLIED.

A. KMC, Time Warner, FCCA, and e.spire have all proposed to go even beyond the Staff's proposed rule and eliminate all termination liability for customers switching carriers under a fresh look rule. This would mean that the ILECs would be denied even their nonrecurring charges associated with the contract. Thus, the ILEC would lose not only the customer, but will be denied recovery of its costs incurred in serving that customer. This is a clearly punitive effect with absolutely no justification other than CLECs' motivation to gain an unfair competitive advantage. Once again, this proposal is unprecedented and, to my knowledge, has not been adopted anywhere.

As I explained in my Direct Testimony, if the Commission adopts a fresh look rule, the objective in calculating termination liability should be to put the ILEC back in the position it would have held if the customer had taken a shorter contract term. Under the FCC formula (also used in other states), termination charges would be limited to (1) the difference between the amount the customer had already paid and (2) any additional charges the customer would have paid for service if the customer had originally taken a shorter term arrangement corresponding to the term actually used. The FCC also directed that interest be added to the resulting amount. (Robinson DT at 12-13, citing Expanded Interconnection with Local Tel. Co. Facilities, Second Memo. Op. & Order on Recon., 8 FCC Rcd 7341 (1993). As the FCC found there, repricing is necessary to ensure that the ILECs will "obtain the compensation appropriate for the term actually taken by the customer." (<u>Id.</u> at para. 41.)

Q. DO ANY OF THE OTHER CLECS SUPPORT THIS MEASURE OF TERMINATION LIABILITY?

A. It seems that Time Warner does. Although Time Warner's witness Marek does not directly discuss contract repricing, she does allude approvingly to the Wisconsin PSC's conclusions about fresh look. Specifically, Ms. Marek notes that the Staff's proposed fresh look "rule is very consumer oriented, and, as the PSC of Wisconsin concluded, with the abolition of termination penalties, serves the public interest by promoting competition." (Marek DT at 4.) The Wisconsin Commission found that, if a fresh look rule was to be adopted, it would follow the FCC's approach of contract repricing. <u>Investigation into the Appropriate Standards to Promote Effective Competition in the Local Exchange Telecommunications Market in Wisconsin</u>, Supplemental Findings of Fact, Conclusions of Law and Second Final Order, Case 05-TI-138 (Mar. 27, 1997). The Commission there noted that none of the commenters in its proceeding (including Time Warner, MFS, TCG and MCI, among others) had suggested anything other than the fresh-look procedure used by the FCC. (<u>Id.</u> at 3.)

Q. CAN YOU TELL US MORE ABOUT THE STATUS OF FRESH LOOK IN WISCONSIN?

A. While I have not been personally involved in the Wisconsin fresh look proceedings, I have read the above-cited Order and did recently check on the status of the proceeding there. It is interesting that Ms. Marek (as well as FCCA (Responsive Comments at 4) and KMC (Responsive Comments at 14)) should cite it, because, to my knowledge, the Wisconsin Commission has <u>not</u>, in fact, adopted any fresh look rule. In its 1997 Order, it made a preliminary finding that the "FCC-style of fresh-look procedure" should be used, but it never completed the rulemaking necessary to implement its findings.

In any event, the Wisconsin Commission's comments about contract repricing confirm my own observations in my Direct Testimony. That Commission's investigation revealed that the "'FCC-style' of fresh-look entails a re-pricing of a long-term contract to the term of performance that a terminating customer would actually receive. With a shorter-term contract, a customer will most likely be obliged to pay a higher price. The terminating customer would pay the ILEC the price difference, with interest. The intent is to prevent a windfall to the customer and assure that the ILEC is kept whole as to the basic economic bargain, thereby avoiding a 'taking.'" (Wisconsin Order at 3.)

Q. **DO THE CLECS CITE OTHER STATES IN WHICH FRESH LOOK HAS BEEN ADOPTED?**

A. Although they attempt to support their position here with references to other state proceedings, the Commission should read their Comments–and the cited orders--very carefully. KMC's Responsive

Comments contain the most extensive discussion of other state rulings. However, two of the fresh look examples (California and New Jersey) KMC cites were not Commission-imposed rules, but terms of voluntarily negotiated settlements regarding specific services of specific carriers. The California Commission emphasized that the settlement was an interim measure only and "not a precedent to be used in any current or future proceeding." The parties to the settlement agreed that it was "not to be construed as a precedent or policy statement for or against any of the parties on any issues addressed herein in any current or future proceeding before this or any commission or court." (In re: Application of Pacific Bell for Limited Authority to Provide MTS/WATS/800 Contracts, 49 CPUC 2d 486, 1993 Cal. PUC Lexis 472, at App. A.) The New Jersey settlement contained similar language. (Re: Sprint Comm. Co., Docket Nos. TX90050349, etc., slip op. (July 6, 1994).

In any event, the fresh look opportunities stipulated in those cases were much narrower than any of the proposals here, and neither involved local exchange services. In both cases, fresh look provisions were voluntarily incorporated into the contracts themselves, thereby avoiding any contract abrogation issue. And the fresh look periods granted were 120 days for Pacific Bell's MTS/WATS/800 contract services in the California settlement; and 60 days for the Bell Atlantic intraLATA services in the New Jersey settlement.

Other states KMC talks about (Indiana, Wisconsin, Alabama, and Maine) have not, to my knowledge, adopted fresh look requirements. So, in reviewing the CLECs' comments, that seems to leave just Ohio and New Hampshire as the only cited states that may have adopted fresh look rules. I was not able to find the New Hampshire decision before this testimony was filed. However, the characterization of that decision in KMC's Comments leads me to believe that it was not a broad fresh look rule, but some kind of Commission-mandated language to be added to the contracts' termination provisions. (KMC Responsive Comments at 15.) With regard to Ohio, a fresh look requirement for local exchange services was imposed about three years ago. The fresh look window, however, was only 180 days long, and applied only to contracts with more than two years of the term remaining. The Ohio Commission used the same measure of termination liability as GTE has suggested here: "the difference between the amount the customer has already paid versus the amount the customer would have paid had the customer taken the contract for the shorter term actually used." (In re: Commission Approval of Fresh Look Notification, Case Nos. 97-717-TP-UNC et al., 1997 Ohio PUC Lexis 537, at 18-19 (July 17, 1997).

In short, neither the FCC (which I discussed in my Direct Testimony and which BellSouth discussed in its Comments) nor other states support the CLECs' extreme positions (or even the Staff's Rule) here. Fresh look provisions for local exchange services are not popular among the states. Where they do exist, they are very narrowly tailored, with fresh look windows measured in days, not years, and more reasonable termination liability provisions than any suggested here.

Q. IS THERE ANYTHING MORE ABOUT THE CALIFORNIA COMMISSION'S THINKING ON FRESH LOOK THAT THIS COMMISSION SHOULD KNOW?

A. Yes. In its generic alternative regulatory framework (ARF) proceeding sometime after the Commission had approved the above-discussed settlement in Pacific Bell's MTS/WATS/800 proceeding, the Commission refused to implement a broader fresh look policy to allow customers to benefit from the rate changes resulting from the ARF decision. It stated that, although it had allowed "fresh look contracts" in the MTS/WATS/800 settlement:

> "[W]e find no compelling reason to excuse other customers who negotiated contracts from abiding by the terms of their contracts. These contracts were freely negotiated by commercially sophisticated parties, usually for the sole purpose of obtaining service at less than the tariff rate that would otherwise apply. These parties could have reduced the risk that tariff rates would later be lower than the contract rate by negotiating a short contract term or by including explicit renegotiation or termination provisions. They entered into

these contracts on the basis of their business judgment that they would receive lower rates overall under the contract. The fact that the judgment may turn out to be wrong is an ordinary risk inherent to business or any other human endeavor."

(In re: Alternative Regulatory Frameworks for Local Exchange Carriers and Related Matters, 56 CPUC 2d 117 (Sept. 15, 1994).

The California Comission's logic applies here, as well. As I have said before, large customers who knew competition was coming were well able to protect themselves by negotiating appropriate contract terms. This Commission has no obligation to ensure that they get the best possible deal.

Q. E.SPIRE RECOMMENDS THAT THE COMMISSION EXPAND THE PROPOSED RULE TO INCLUDE ANY AND ALL ADVANCED TELECOMMMUNICATIONS SERVICES, INCLUDING WIRELINE BROADBAND SERVICES, THAT RELY ON DIGITAL SUBSCRIBER LINE TECHNOLOGY (xDSL) AND PACKET SWITCHED TECHNOLOGY LIKE THAT USED FOR DATA TRAFFIC. (E.SPIRE COMMENTS AT 2.) IS SUCH A RECOMMENDATION APPROPRIATE?

A. Emphatically no. The end users that have or would purchase such advanced services are generally large businesses with keen knowledge of competitive service provider options available to them.

Firms that are potential buyers of advanced service products, especially those with large data transmission requirements, have been primary targets of competitive service providers over the last several years in Florida and the rest of the nation, because of the shear volume of products and services they require. As such, these large users have certainly had to review and decide on several alternative providers and competitive bids for their particular needs. Again, as I have stated before, fresh look is not required for the breadth of telecommunications services that the Commission indicated in the proposed rule and further, the suggestion made by e.spire to further expand the subjected services is just a typical CLEC attempt at gaming the reasonable bounds of the competitive arena in their favor simply to have a second attempt to gain a customer that has already made a competitive alternative based decision.

Q. **MS. MAREK MAKES THE COMMENT THAT THE PURPOSE OF A FRESH LOOK RULE IS TO ENABLE CUSTOMERS TO CANCEL EXISTING ILEC CONTRACTS AND AVOID "EXORBITANT" TERMINATION LIABILITIES. (MAREK DT AT 3.) HAS THERE BEEN ANY FINDING THAT THE TERMINATION LIABILITIES IN THE CONTRACTS AT ISSUE ARE EXORBITANT?**

A. No. But to the extent that Ms. Marek's comments suggest that termination liabilities must be deemed exorbitant before a fresh look rule is triggered, then I agree. I have not reviewed all of GTE's contract and term tariff arrangements. In my experience, though, the termination liabilities in these arrangements are reasonable and in line with acceptable industry and commercial practice. The termination liability provisions, or, for that matter, other contract provisions, have not been challenged as unconscionable or unlawful. These contracts are lawful and validly executed. It would thus seem that there would have to be some finding, on a contract-specific basis, that a termination liability provision is, indeed, exorbitant and unreasonable before the contract can be nullified. This is just a layman's perspective; I expect that GTE's lawyers will discuss this point in the posthearing comments.

Q. SOME OF THE CLECS HAVE SUBMITTED LEGAL ANALYSES GOING TO THE COMMISSION'S AUTHORITY TO ADOPT A FRESH LOOK REQUIREMENT. DOES GTE BELIEVE THE COMMISSION HAS SUCH AUTHORITY?

A. As I stated in my Direct Testimony, GTE believes there are numerous legal barriers– both statutory and consitutional–to the Commission's adoption of a fresh look requirement. I am not qualified to discuss those; the legal reasons prohibiting a fresh look rule in Florida will be treated in detail in the Company's posthearing comments.

Q. WOULD YOU PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY?

A. Yes. There is no need for a fresh look rule. Big business customers do not need the Commission to help them protect their financial interests. Likewise, the Commission should be assured that the CLECs have been and will continue to make substantial strides in obtaining business customers, especially since they enjoy the regulatory advantage of a contract resale requirement.

If the Commission adopts any fresh look rule, the contract eligibility cut-off date should be no later than February of 1996, and the fresh look window should remain open for no more than six months. The CLECs' extreme proposals to leave the fresh look window open until 2004, and to completely eliminate any termination liability are patently unreasonable and unprecedented.

Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

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Fresh Look Rulemaking - Docket No. 980253-TX

Comments of F. Ben Poag on behalf of Sprint Corporation.

Filed April 23, 1999

My name is F. Ben Poag. I am employed as Director-Regulatory Affairs for Sprint-Florida, Inc. My business mailing address is Post Office Box 2214, Tallahassee, Florida 32301.

I have over 30 years experience in the telecommunications industry. I started my career with Southern Bell, where I held positions in Marketing, Engineering, Training, Rates and Tariffs, Public Relations and Regulatory. In May, 1985, I assumed a position with United Telephone Company of Florida as Director-Revenue Planning and Services Pricing. I have held various positions since then, all with regulatory, tariffs, costing and pricing responsibilities. In my current position I am responsible for regulatory matters regarding Sprint's local telecommunications operations. I am a graduate of Georgia State University with a Bachelor's Degree in Business.

Listed below are my comments regarding the fresh look rulemaking:

Sprint generally supports the proposed rule (hereafter referred to as "rule") in its current form and suggests very moderate adjustments. Pending the comments of other parties and possible modification of the rule, Sprint submits the following comments in support of the rule with a few suggested changes. Attachment 1 to these comments are the changes to the rule in legislative format necessary to implement them. Sprint reserves the right to suggest additional or different changes based on developments at the hearing and in response to modification suggested by other parties.

As proposed the rule represents a reasonable compromise between the interests of Incumbent Local Exchange Companies (ILECs) and new entrants to the local exchange marketplace (Competitive Local Exchange Companies or CLECs). In some respects Sprint could support additional modifications and safeguards such as those proposed in its comments submitted on May 15, 1998 in this docket. Sprint incorporates those comments herein and reserves the right to advocate the positions taken therein as circumstances in the hearing process dictate. Nevertheless, Sprint believes that the rule generally represents a good balancing of the interests of the local service providers

These comments address three aspects of the rule. First, Sprint endorses the Commission's approach to establishing a cut-off date for eligible contracts and duration of the Fresh Look window (Section 25-4.301.(2) & (3)) with one suggested modification. Second, Sprint suggests clarification of the language where the customers are given the option to choose the termination liability (25-4.302(5)). Finally, language is proposed which clarifies that the limitation of termination liability in the rule applies <u>only</u> when a customer seeks to cancel a contract with an ILEC in order to take service from a competitive local service provider.

1. Start date of the eligibility "cut-off" and duration of the Fresh Look window.

Sprint supports a forward looking "cut-off" for which contract eligibility would be established. As originally drafted, the rule would have established two periods. One for determining which contracts were eligible and the other a "Fresh Look" window within which customers can exercise their rights under the rule. Originally, the eligibility cut-off would have been January 1, 1997. Sprint and other providers appearing at the March 16, 1999 Agenda Conference argued and the Commissioners agreed that the effect of this provision would be to leave very few contracts for which competitors could compete since the average contract duration is three years and relatively few eligible contracts would be up for competition by the end of 1999 when the rule would be effective at its earliest. The flaw in the initial approach was obvious. If the average duration of contracts is 3 years and the eligibility cut-off were to begin three years back, there would be not much reason to have a rule. Appropriately, the Commission has seen fit to propose the forward-looking cut-off date of the rule effective date (currently estimated to be November 25, 1999).

Concurrent with the forward looking cut-off, Sprint also urges that the proposed Fresh Look window be established at one year. In the initial comments, Sprint originally proposed a six month Fresh Look window as part of our internal consensus process. From a competitive entrant standpoint, we recognize that six months is adequate time for customers who want to change carriers or respond to competitive solicitations and take action to cancel contracts pursuant to the rule. This compromise resolution would allow competitive providers a fair opportunity to compete for customers and could stimulate competition earlier, but would recognize that the two year window may be longer than necessary. Most likely candidates for Fresh Look would be targeted within the first few months of the window opening. Closing the window after a reasonable period of one year would introduce certainty into the ILECs' business operations and would allow them to focus on competing for customers instead of processing requests for termination liability calculation and undertaking the time and cost of terminating services.

In sum, the most important aspect of this issue is the forward looking establishment of the eligibility cut-off which should remain <u>as proposed</u> in order to give a meaningful opportunity for competitive local providers to compete for customers under contract. Setting the Fresh Look window at one year should also allow plenty of time for competition while giving the ILECs reasonable certainty in their operations. Sprint has suggested language to implement these comments.

<u>2. Customer option on termination liability.</u>

Section 25-4.302(5)(a) & (b) of the rule provides that the termination liability will be calculated based on the <u>end user choosing</u> one of two options. The first option would base the liability on any unrecovered nonrecurring cost

provided for in the contract. The second option would establish the termination liability as a monthly charge equal to the portion of any nonrecurring cost reflected in the customer's recurring rate. Sprint objects to this provision where it might create the unintended windfall of zero termination liability because the contacts do not generally contain a separate recurring charge for nonrecurring investment cost. There may be instances where the nonrecurring costs were waived at the time of installation and left subject to recovery upon early termination (option (a)).

Sprint believes that the language in this section was not drafted with the intent that the customer could chose option (b) (zero all the time) in order to avoid paying termination liability under option (a), when the contract provides for a previously waived nonrecurring cost to be repaid upon early termination.

In sum, it is clear that the Commission intended to limit termination liability to unrecovered investment cost and not allow "lost revenue" type recovery. The suggested change to Section 25-4.302(b) is a reasonable way of clarifying that intent.

3. Customer eligibility for limitation of termination liability.

Finally, Sprint offers a clarification premised on the essence of the rule. But for the effort of competitive providers to compete for, and provide alternatives to, customers, the Commission would not be considering this rule. *In no event* has it been suggested that the Commission has the authority to allow customers to unilaterally repudiate valid, binding contracts, unless the customer is seeking to exercise the right to contract with a competitive provider. As proposed, the rule does not restrict the limitation of termination liability to these circumstances. Sprint initially proposed such a restriction and again asserts that the Commission adopt this limitation on the rule's scope. Such a provision may also assist in insulating the rule from any legal challenges based on a contention that the rule is over broad and exceeds the Commission's authority to interfere with contracts between customers and ILECs. The introduction of competition provides a rational basis for altering contracts. However, the unilateral desire of a customer to evade the obligations of the contract for reasons other than contracting with a competitive provider would not provide a rational basis for the rule. Sprint has proposed language in 25-4.300(1) closing this loophole.

In conclusion, Sprint generally supports the approach the Commission has taken. We believe that with a few moderate changes that the rule will represent a reasonable balance among the interests of all competing local providers of local exchange service.

SPRINT

Attachment 1 to Comments of F. Ben Poag

Key – – Sprint Proposed Changes

25-4.300 *Scope and Definitions*

25-4.301 Applicability of Fresh Look

25-4.302 Termination of LEC Contracts

25-4.300 Scope and Definitions.

(1) Scope. For the purposes of this Part, all contracts that include local telecommunications services offered over the public switched network, between LECs and end users, which were entered into prior to the effective date of this rule, that are in effect as of the effective date of this rule, and are scheduled to remain in effect for at least six months after the effective date of this rule will be contracts eligible for ~~Fresh Look~~ limitation of termination liability. Local telecommunications services offered over the public switched network are defined as those services which include provision of dial tone and flat-rated or message-rated usage. If an end user exercises an option to renew or a provision for automatic renewal, this constitutes a new contract for purposes of this Part, unless penalties apply if the end user elects not to exercise such option or provision. This Part does not apply to LECs which had fewer than 100,000 access lines as of July 1, 1995, and have not elected price-cap regulation. Eligible contracts include Contract Service Arrangements (CSAs) and tariffed term plans in which the rate varies according to

the end user's term commitment. Only end users seeking early termination of otherwise eligible contracts with LECS in order to acquire services from, or enter into a new contract with, another local provider will be eligible for any limitation of termination liability provision provided in this Part.

(2) For the purposes of this Part, the definitions to the following terms apply:

(a) "Fresh Look Window"- The period of time during which LEC end users may terminate eligible contracts under the ~~limited liability~~ limitation of termination liability provision specified in Rule 25-4.302(3).

(b) "Notice of Intent to Terminate"- The written notice by an end user of the end user's intent to terminate an eligible contract pursuant to this rule.

(c) "Notice of Termination"- The written notice by an end user to terminate an eligible contract pursuant to this rule.

(d) "Statement of Termination Liability"- The written statement by a LEC detailing the liability pursuant to 25-4.302(3), if any, for an end user to terminate an eligible contract.

Specific Authority: 350.127(2), FS.
Law Implemented: 364.19, FS.
History: New XX-XX-XX.

25-4.301 Applicability of Fresh Look.

(1) The Fresh Look Window shall apply to all eligible contracts.

(2) The Fresh Look Window shall begin 60 days after the effective date of this rule.

(3) The Fresh Look Window shall remain open for ~~two~~ one year~~s~~ from the starting date of the Fresh Look Window.

(4) An end user may only issue one Notice of Intent to Terminate during the Fresh Look Window for each eligible contract.

Specific Authority: 350.127(2), FS.
Law Implemented: 364.19, FS.
History: New XX-XX-XX.

25-4.302 Termination of LEC Contracts.

(1) Each LEC shall respond to all Fresh Look inquiries and shall designate a contact within its company to which all Fresh Look inquiries and requests should be directed.

(2) An end user may provide a written Notice of Intent to Terminate an eligible contract to the LEC during the Fresh Look Window.

(3) Within ten business days of receiving the Notice of Intent to Terminate, the LEC shall provide a written Statement of Termination Liability. The termination liability shall be limited to any unrecovered, contract specific nonrecurring costs, in an amount not to exceed the termination liability specified in the terms of the contract. The termination liability shall be calculated from the information contained in the contract or the workpapers supporting the contract. If a discrepancy between the contract and the workpapers, the contract shall be controlling. In the Statement of Termination Liability, the LEC shall specify if and how the termination liability will vary depending on the date services are disconnected pursuant to subsections (4) and (6) and on the payment method selected in subsection (5).

(4) From the date the end user receives the Statement of Termination Liability from the LEC, the end user shall have 30 days to provide a Notice of Termination. If the end user does not provide a Notice of Termination within 30 days, the eligible contract shall remain in effect.

(5) If the end user provides the Notice of Termination, the end user will choose and pay any termination liability according to one of the following payment options:

(a) One-time payment of the unrecovered nonrecurring cost, as calculated from the contract or the work papers supporting the contract, at the time of service termination; or

(b) Monthly payments, over the remainder of the term specified in the now terminated contract, equal to that portion of the recurring rate which recovers the nonrecurring cost, as calculated from the contract or the work papers supporting the contract. However, the end user shall not have the option to chose termination liability calculated pursuant to this subsection (b) where the contract does not clearly provide for the recovery of nonrecurring costs in a recurring rate.

(6) The LEC shall have 30 days to terminate the subject services from the date the LEC receives the Notice of Termination.

Specific Authority: 350.127(2), FS.

Law Implemented: 364.19, FS.

History: New XX-XX-XX.